



2024

ANNUAL REPORT

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General information

The financial statements cover Keybridge Capital Limited as a Consolidated Entity consisting of Keybridge Capital Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Keybridge Capital Limited's functional and presentation currency.

Keybridge Capital Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 614, Level 6
370 St Kilda Road
Melbourne, Victoria 3004

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors on 29 October 2024. The Directors have the power to amend and reissue the financial statements.

Directors' report

The Directors present their report together with the financial report of the consolidated entity consisting of Keybridge Capital Limited (**Company** or **KBC**) and its controlled entities (the **Consolidated Entity** or **Keybridge**) for the financial year ended 30 June 2024.

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

Principal activities

Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets in the life insurance (New Zealand), property and funds management sectors and strategic holdings in Yowie Group Ltd (ASX: YOW), HHY Fund (HHY), Molopo Energy Limited (Molopo) and, RNY Property Trust (RNY) and engaged in cryptocurrency arbitrage trading.

Company information

Keybridge is a company limited by shares that was incorporated in New South Wales in June 1999 and has been listed on the Australian Securities Exchange (**ASX**) since December 1999 (ASX Code: KBC).

Review of operations, results and significant changes in the state of affairs

The profit for the Consolidated Entity after providing for income tax amounted to \$7,157,955 (30 June 2023: loss of \$8,945,509).

The operating result was impacted by:

- Keybridge sold its position in the Magellan Global Fund Options (ASX: MGFO) for \$17.8 million in December 2023. As a precondition, to facilitate the trade, Keybridge and its Managing Director, Mr Nicholas Bolton, agreed to enter a Standstill Agreement with Magellan Financial Group Limited (ASX: MFG), limiting future dealings in MFG and its related entities for a period of two (2) years. The Company has also agreed to pay Mr Bolton \$4.3 million (NPV) to enter into a separate restraint of conduct deed with the Company, with the payment to be made at the end of the two (2) year period;
- During 2023, Keybridge acquired 178 million options, at a total cost of approximately \$1.3 million (an average of circa 0.7 cents per option), despite active criticism and interference from representatives of the Company's largest shareholder, with Mr Geoff Wilson publicly declaring the trade idea as "naïve" with the options likely to expire "worthless";
- According to Magellan Financial Group Limited's (MFG) Annual Report for the year ended 30 June 2024, MFG bought back 750 million MGFO options at 10 cents per option between December 2023 and the end of February 2024. Compared to the MGFO option price of 0.5 cents on 30 April 2023, this equates to an overall gain of \$71.25 million being realised by the MGFO option holders who sold their options as a consequence of Keybridge's Magellan trade initiative;
- In June 2024, Magellan unitholders overwhelmingly approved the conversion of MGF's Closed Class securities to Open Class, with 927,204,710 units (representing 99.78%) being voted in favour. The gap between the market price on the ASX and the NAV at 30 April 2023 was 35.8 cents per unit, resulting in a total gain of \$494.5 million to ALL Closed Class unitholders;
- Collectively, the overall gain by ALL holders of Magellan MGFO options and Closed Class units was in excess of \$550 million from Keybridge's Magellan trade initiative;
- Notwithstanding the above the receipt of \$17.8 million in December 2023 (as above), in February 2024, the Company's largest shareholder (with circa 44%). Wilson Asset Management (WAM) initiated proceedings against the Company in an attempt to wind it up for insolvency, over two (2) cost claims totalling circa \$0.275 million, despite the Company's current assets materially exceeding its current liabilities and despite the Company's net equity position as at 31 December 2023 of circa \$13 million – which notably is consistent with the value WAM carried its investment in Keybridge at in its own audited accounts. Also, the Company had offered to pay the amount sought by WAM into court whilst the quantum of both contested costs was reviewed by an assessor, however WAM rejected this offer. Keybridge now confirms that it paid, within five (5) business days of receiving the cost assessor determinations, the full amount of the cost assessments, including interest, to WAM however WAM has continued to pursue its winding-up action. Consequently, the Company continues to defend this matter and has incurred legal costs exceeding the total amounts claimed by WAM and considers it likely that WAM has as well;
- Keybridge repaid \$5.4 million against its RNC Loan Facility, repaying the loan plus accrued interest in full, from the Magellan trade realisation proceeds;
- On 29 December 2023, Keybridge announced an off-market takeover bid for all the ordinary shares in Yowie Group Limited (ASX: YOW), for a cash consideration of 3.4 cents per Yowie Share. At the time of announcing

Directors' report

the takeover bid, Keybridge had a relevant interest of 35.66% in Yowie. The takeover bid closed at 7.00pm on 26 April 2024, with acceptances received under the takeover bid resulting in Keybridge's relevant interest increasing to 78.359%. At year end, Keybridge has accounted for its investment in Yowie at market value, being 2.7 cents per share, which equates to \$4.137 million. This compares with the Company's recent takeover bid price of 3.4 cents per Yowie share, which the Independent Expert considered was not fair but reasonable and also represents a \$2.758 million discount to the Company's proportionate share of Yowie's net asset position of \$6.894 million as at 30 June 2024;

- Keybridge settled a long running dispute with a former law firm, resulting in a gain of approximately \$0.3 million, comprising a cash payment to Keybridge of \$0.1 million and a reversal of a \$0.2 million liability;
- On 9 November 2023, in accordance with the Loan Note Deed, Keybridge issued a termination notice to Metgasco Ltd. In April 2024, the \$1.4 million advanced by the Company under the Loan Note Agreement plus accrued interest was fully repaid;
- As previously announced, Keybridge has been sought to join in proceedings based in New York, USA, relating to a claim on the RNY Property debt facility under a purported guarantee. Keybridge denies any liability and will defend the proceedings. Details of the actions taken can be found at Index no. 610470/2022 in the Supreme Court of the State of New York County of Nassau;
- In May 2024, Keybridge received an offer of debt finance of \$3.5 million (at an LVR of 50%) from an external financier (secured by registered mortgages over strata title lots comprising Conference Facilities at a Hotel located in Manly, Sydney as security for loans, which are owed by private companies (which are in liquidation)), which the Company did not proceed with. Consequently, Keybridge revalued its loan to \$3.5 million;
- The Company settled a number of legal actions during the year, resulting in the Company booking more than \$1.5 million in settlement gains during the June 2024 half year;
- The revaluation of foreign currency assets resulted in a profit of \$593,795 (30 June 2023: loss of \$110,343) during the financial year; and
- Stablecoin arbitrage trading was significantly reduced in the current year due to market conditions.

Dividends

No dividends have been paid or declared since the end of the previous year. The Directors have been considering the payment of a fully franked dividend in respect of the year ended 30 June 2024, however these deliberations have been deferred as a consequence of the legal action taken by WAM against the Company.

As at 30 June 2024, Keybridge had:

- \$17.1 million in its Profit Reserve account, which is available to fund the payment of dividends to shareholders in the future; and
- \$7.957 million of Franking Credits, which is sufficient to fund the payment of fully franked (at Keybridge's applicable 30% company tax rate) dividends totalling \$18.6 million.

Risks

The material business risks that have been identified for the Company are investment risk, operational risk and litigation risk. With an investment mandate that has exposures to small, medium and large sized capitalisation companies, and unlisted property assets, the Company will always bear market risk as it invests its capital in assets that are not risk free. Investment risk covers investment strategy, leverage, market price, collateral, credit, counterparties, liquidity, unlisted businesses, portfolio turnover, derivatives, diversification, foreign currency, interest rates and regulatory environment. Operational risks include key person risk, regulatory risk and cyber security risk. Litigation risk, relates to the pursuit and defence of litigation actions, including the associated costs of legal representation and the prospects of having to lodge security for costs with the Court as well as the risks of being unsuccessful in these endeavours, potentially resulting in costs being awarded against the Company.

The Company's risk management framework is overseen by the Board.

Future developments

Keybridge intends to continue its investment activities in future years. The results of these investment activities depend upon the performance of the underlying investee entities/loan counterparties and securities in which Keybridge invests. The investments' performances depend on many economic factors and also industry and investee/counterparty-specific issues. In the opinion of the Directors, it is not possible or appropriate to make a prediction on the future course of markets, the performance of Keybridge's investments or forecast the likely results of Keybridge's activities.

Directors' report

Environmental regulation

Keybridge is not subject to any particular or significant environmental regulation under Australian Commonwealth or State legislation.

Directors & Officers

The names of the directors in office at any time during or since the end of the year are:

Nicholas Bolton	Chief Executive Officer and Managing Director
John Patton	Non-executive Chairman
Antony Catalano	Non-executive Director
Richard Dukes	Non-executive Director

Mr John Patton is the Company Secretary.

Further details on each of the directors is outlined below:

Nicholas Bolton **Managing Director and Chief Executive Officer**

Appointed 28 May 2019 as CEO; 13 October 2019 as Managing Director

Experience Nicholas Bolton has managed operational investments and restructured assets in the aviation, finance, property, energy, shipping, infrastructure and IT sectors. Mr Bolton has invested in and led activist investments in a number of ASX-listed entities with a foundation in shareholder advocacy. Mr Bolton is focused on delivering superior risk adjusted returns through active management and innovative solutions to challenging issues for investors.

Relevant interest in securities 8,920,862 – KBC shares directly held
1,273,036 – KBC shares indirectly held

Special responsibilities Managing Director and CEO

Other current directorships in listed entities Yowie Group Limited (ASX: YOW) - since 30 November 2020

Former directorships in other listed entities in past 3 years None

Directors' report

John Patton

Non-executive Chairman

<i>Appointed</i>	9 June 2023 (as a non-executive director) and 15 June 2023 (as non-executive Chairman)
<i>Qualifications</i>	B.Ec (Monash), CA (CAANZ), F Fin
<i>Experience</i>	John Patton is a senior executive with extensive finance experience in the corporate and professional services sectors. He was previously a Partner with Ernst & Young in the Transactions Advisory Services division. With over 35 years of professional services and industry experience, Mr Patton has extensive corporate finance credentials, having been involved in over 150 corporate transactions
<i>Relevant interest in Securities</i>	348,641 – KBC shares
<i>Special responsibilities</i>	None
<i>Other current directorships in listed entities</i>	Yowie Group Limited (ASX: YOW) - since 5 February 2021
<i>Former directorships in other listed entities in past 3 years</i>	Metgasco Ltd (ASX: MEL) – resigned 22 November 2023

Antony Catalano

Non-executive Director

<i>Appointed</i>	17 April 2020
<i>Experience</i>	Antony Catalano was formerly the Managing Director of Domain Holdings Australia Limited and is presently the Executive Chairman of Australian Community Media, a major regional media company.
<i>Relevant interest in securities</i>	22,324,631 – KBC shares (beneficial/economic interest) held by Catalano Super Investments Pty Ltd ATF Catalano Superannuation Fund (11,304,347 ordinary shares) and Antstef Pty Ltd ATF Antstef Trust (11,020,284 ordinary shares).
<i>Special responsibilities</i>	None
<i>Other current directorships in listed entities</i>	None
<i>Former directorships in other listed entities in past 3 years</i>	None

Directors' report

Richard Dukes Non-executive Director

Appointed 27 September 2024

Qualifications B.Com (NSW) LLM (Sydney)

Experience Mr Dukes is a lawyer in private practice specialising in taxation, commercial law and personal law. He started his own practice in 2012 and was previously a partner of Rosenblum & Partners and Blake Dawson Waldron (now Ashursts). Previously, Mr Dukes was Chair of the Australian branch of IFA.

Relevant interest in securities None but is sole director of Australian Style Group Pty Ltd which holds 35,653,273 KBC shares

Special responsibilities None

Other current directorships in listed entities None

Former directorships in other listed entities in past 3 years None

Meetings of directors

The following table sets out the numbers of meetings of the Company's Directors held during the year (including Directors' circulatory resolutions) and the numbers of meetings attended by each Director of the Company:

Held: represents the number of meetings held during the time the Director held office

Name of Director	Board Attended	Board Held
Nicholas Bolton	5	5
John Patton	5	5
Antony Catalano	5	5
Richard Dukes	-	-

Directors' report

Remuneration report (audited)

This Remuneration Report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior manager) (**Key Management Personnel** or **KMP**) of **the Company**.

The information provided under headings (1) to (8) below has been audited for compliance with section 300A of the *Corporations Act 2001 (Cth)* as required under section 308(3C).

(1) Key Management Personnel (KMP)

Name	Position	Tenure
Nicholas Bolton	Managing Director	Appointed 13 October 2019
	Chief Executive Officer (CEO)	Appointed 28 May 2019
John Patton	Non-Executive Chairman	Appointed 9 June 2023, re-elected at AGM on 27 November 2023
	Company Secretary	Appointed 13 October 2019
Antony Catalano	Non-Executive Director	Appointed 17 April 2020; re-elected at AGM on 21 November 2022
Richard Dukes	Non-Executive Director	Appointed 27 September 2024

(2) Remuneration Policy

The Board determines the remuneration structure of all Key Management Personnel having regard to Keybridge's strategic objectives, scale and scope of operations and other relevant factors, including experience and qualifications, length of service, market practice (including available data concerning remuneration paid by other listed companies and in particular, companies of comparable size and nature), the frequency of Board meetings, the duties and accountability of Key Management Personnel and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

Corporate Governance Principles: The Company's Corporate Governance Statement (**CGS**) also addresses matters pertaining to the Board, Senior Management and Remuneration. The latest version of the CGS may be downloaded from the Company's website.

Fixed Cash Short-term Employment Benefits: The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The current aggregate base remuneration for Non-Executive Directors of the Company is capped at \$100,000 per annum, to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel during the year as follows:

Non-Executive Directors

- (1) John Patton - a base fee of \$50,000 plus net GST per annum including statutory employer superannuation contribution.
- (2) Antony Catalano - a base fee of \$50,000 plus net GST per annum including statutory employer superannuation contribution.

Company Executives/Senior Managers

- (3) Nicholas Bolton (Chief Executive Officer) - a base salary of \$440,000 (on a full-time basis; Mr Bolton is required by the Company to work only on a part-time basis on a pro-rata part-time base salary of \$330,000) per annum plus statutory employer superannuation contributions.
- (4) John Patton (Company Secretary) - a base fee of \$60,000 per annum (excluding GST).

Directors' report

Special Exertions and Reimbursements: Pursuant to the Company's Constitution, each Director is also entitled to receive:

- (a) Payment for reimbursement for all travelling and other expenses incurred by a Director in attending to the Company's affairs, including attending to meetings of the Company and the Board or Committees; and
- (b) Payment for the performance of extra services or the making of special exertions for the benefit of the Company (with the concurrence of the Board). During the year, the Company made special exertion payments to Mr Catalano and Mr Patton of \$50,000 and \$35,000 respectively in relation to their efforts and input on Keybridge's Magellan trade realisation transaction.

Short-Term Benefits: The Company does not have any short-term incentive (**STI**) cash bonus schemes (or equivalent) in place for Key Management Personnel. See below for comment in relation to Restraint of Conduct Liability.

Long-Term Benefits: The Company does not have any long-term incentive (**LTI**) cash bonus schemes (or equivalent) in place for Key Management Personnel. See below for comment in relation to Restraint of Conduct Liability.

Equity-Based Benefits: Save for the Executive Share Plan (**ESP**) outlined below, the Company does not presently have any equity (shares or options) based remuneration arrangements for Key Management Personnel pursuant to any executive or employee share or option plan or otherwise.

Post-Employment Benefits: With the exception of its contributions to defined superannuation contribution schemes the Company does not presently provide retirement benefits to Key Management Personnel. Other than early termination benefits disclosed in 'Employment Agreement' below, Key Management Personnel also have no right to termination payments save for payment of accrued unused annual and long service leave (where applicable) (these accrued employee entitlements are not applicable in respect of Non-Executive Directors). The Company notes that shareholder approval is required where a Company proposes to make a "termination payment" (for example, a payment in lieu of notice, a payment for a post-employment restraint and payments made as a result of the automatic or accelerated vesting of share based payments) in excess of one year's "base salary" (defined as the average base salary over the previous 3 years) to a director or any person who holds a managerial or executive office.

Performance-Related Benefits and Financial Performance of Company: The current remuneration of Key Management Personnel, excluding special exertions and reimbursements as defined above, is fixed and is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

Restraint of Conduct Liability: Keybridge agreed to pay Mr Bolton \$4.75 million to enter into a Restraint of Conduct Deed with the Company that is linked to the Standstill Agreement Mr Bolton agreed to sign in December 2023 prior to the Magellan MGFO Options trade realisation being consummated.

Notably, Keybridge had no capacity, in its own right, to exercise its MGFO options (which required over \$350 million of capital which Keybridge did not have at that time). Accordingly, the options would have expired worthless on 1 March 2024. As part of an alternative transaction Mr Bolton was engaged in for the benefit of MGF and MGFO holders, Mr Bolton, in his personal capacity, was required to execute a standstill agreement restricting his activities in relation to Magellan for the benefit of Keybridge, thereby enabling Keybridge to generate a \$17.8 million realisation of an otherwise substantially worthless asset.

As part of this negotiation process on 6 December 2023, and prior to the MGFO transaction being consummated, where the market value of Keybridge's MGFO was less than \$4.5 million, the Keybridge Board (with Mr Bolton being recused) considered the broad structure of a separate restraint arrangement for Mr Bolton (including quantum, which was subject to the receipt of tax advice and the completion of the audit for the half year ended 31 December 2023), in order for Keybridge to still realise a substantial gain on this transaction.

Directors' report

The payment of \$4.75 million, pursuant to the Restraint of Conduct Deed, is to occur at the expiry of the Standstill Agreement (in December 2025), thereby forming part of his remuneration in the financial year ending 30 June 2026. The Company recognised a liability of \$4.3 million (being the Net Present Value) which has subsequently increased to \$4.5 million at 30 June 2024 (due to the NPV unwind). At the time of entering the Standstill Agreement with Magellan, the capital structure of Magellan Global Fund (MGF) comprised: 1.062 billion MGFO options, 1.381 billion Closed Class securities and 2.283 Open Class securities. On 1 March 2024, the options expired and in late June 2024, the Magellan unitholders approved the conversion of the Closed Class securities to Open Class, resulting in MGF today having one class of securities and over \$8 billion of NAV. Consequently, the prospects of Mr Bolton breaching the Standstill Agreement, through activist activities, is considered by the Company to be negligible.

In July 2024, the Company advanced an unsecured loan of \$4.95 million to an audited asset rich entity owned by Mr Bolton, pursuant to a loan agreement, equal to the unpaid standstill fee (\$4.75 million) and bonus (\$0.2 million). The loan is on commercial terms with an interest rate of 10% p.a., capitalising yearly and the maturity date is tied to, and is to be set off against, the restraint of conduct liability payment (in December 2025). To the extent that the loan to the audited asset rich entity results in a financial benefit to Mr Bolton, this will also form part of his remuneration in the financial year ending 30 June 2026 consistent with the Restraint of Conduct payment above.

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years:

	2024	2023	2022	2021	2020
Profit/(Loss) Before Income Tax (\$'000)	13,278	(8,879)	(754)	2,930	(3,848)
Profit/(Loss) After Income Tax (\$'000)	13,278	(8,879)	(754)	2,930	(3,848)
Basic Earnings/(Loss) per share (cents)	5.52	(4.27)	(0.37)	1.50	(2.30)
Total Dividends Paid	-	-	-	-	-
Dividends Paid (cent per share)	-	-	-	-	-
Total Capital Returns Paid	-	-	-	-	-
Capital Returns Paid (cents per share)	-	-	-	-	-
VWAP Share Price on ASX for financial year (\$)	N/A [^]	0.040	0.072	0.070	N/A [^]
Closing (Last Bid) Share Price on ASX as at 30 June (\$)	N/A [^]	0.040	0.072	0.071	N/A [^]

[^] The Company was suspended from trading on the ASX on 1 March 2024, with the last closing price being 6.5 cents per share. It was also suspended on 16 July 2019, with the last closing pricing being 7.1 cents per share.

(3) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each Key Management Personnel paid or payable by the Company during the financial year are as follows:

Directors' report

2024 Key Management Personnel	Performance -related %	Cash salary and fees \$	<u>Short-term benefits</u> Annual leave	Other benefits \$	<u>Post- employment benefits</u> Superannuation \$	<u>Other long- term benefits</u> Long service leave	Total \$
Non-Executive Directors:							
John Patton ²	41%	50,000	-	35,000	-	-	85,000
Antony Catalano ³	50%	45,079	-	50,000	4,959	-	100,038
Chief Executive Officer:							
Nicholas Bolton ¹	93%	330,000	12,693	4,667,132	13,887	4,213	5,027,925
Company Secretary:							
John Patton		60,000	-	-	-	-	60,000
		<u>485,079</u>	<u>12,693</u>	<u>4,752,132</u>	<u>18,846</u>	<u>4,213</u>	<u>5,272,963</u>

2023 Key Management Personnel	Performance -related %	Cash salary and fees \$	<u>Short-term benefit</u> Annual leave	Other benefits \$	<u>Post- Employment benefits</u> Superannuation \$	<u>Other long- term benefits</u> Long service leave	Total \$
Non-Executive Directors:							
Jeremy Kriewaldt		46,896	-	-	4,924	-	51,820
Antony Catalano		45,454	-	-	4,773	-	50,227
Chief Executive Officer:							
Nicholas Bolton		330,006	25,385	-	27,500	5,500	388,391
Company Secretary:							
John Patton		61,395	-	-	-	-	61,395
		<u>483,751</u>	<u>25,385</u>	<u>-</u>	<u>37,197</u>	<u>5,500</u>	<u>551,833</u>

Directors' report

¹ In relation to Cash Salary and Fees, Mr Bolton was paid \$165,003 (and not \$330,000) during the year, with the balance of \$164,997 being accrued at year end. In relation to, Other Benefits, section '(2) Remuneration Policy' above sets out details on the Restraint of Conduct payment arrangement with Mr Bolton which has a net present value of \$4,467,132 and is scheduled to be offset against a payment in December 2025 and the unsecured loan of \$4.95 million advanced in July 2024 to an audited asset rich entity owned by Mr Bolton, pursuant to a loan agreement, equal to the unpaid standstill fee (\$4.75 million, has a net present value of \$4,467,132 and with the loan repayment to be offset against the Restraint of Conduct payment in December 2025) and bonus (\$0.2 million) earned during the year and payable at balance date.

² Mr Patton was paid directors fees of \$23,750 (and not \$50,000) during the year, with the balance of \$26,250 (excluding GST) being accrued at year end.

³ Mr Catalano provided several short-term loans to the Company during the year, which were used to acquire MGFO options, and as outlined in note 23, the lender was entitled to a success only share of the performance of MGFO, being \$200,000. Whilst the debt facilities were repaid on 11 December 2023, the success related balance of \$200,000 to Mr Catalano remained outstanding at year end. As this arrangement relates to the provision of debt finance, it does not form part of Mr Catalano's remuneration.

(4) Executive Share Plan (ESP)

The Company has an ESP which was approved by shareholders at the 2014 Annual General Meeting (**AGM**) held on 28 November 2014. The ESP was developed to serve as the Company's principal vehicle to grant long term incentive awards and form a key element of the Company's total remuneration strategy for directors and selected senior management.

The primary objectives of the ESP are to:

- (a) assist with the attraction, motivation and retention of directors and senior management and more closely align the interest of directors and senior management with shareholders by matching rewards with the long-term performance of the Company, and accordingly drive the Company's improved performance;
- (b) align the incentives provided to participants with current market practice; and
- (c) provide the Company with flexibility to accommodate changes in the Company's circumstances and shifts in regulatory and market practice from time to time.

The ESP involves the Company providing interest-bearing limited-recourse loans to eligible participants to purchase ordinary shares in the capital of the Company. As part of the loan arrangements, the Company will take security over those ordinary shares to secure repayment of the loans. Interest will be charged on the loans at a fixed rate of 6.45% per annum for the term of the loans, capitalised monthly. The term of the loans will be 3 years and 3 months. The interest will be recourse to the participant. The loans may be repaid early in certain circumstances, however participants in the ESP remain liable for the entire amount of interest applicable over the loan term.

Further details about the ESP are set out in the Company's Notice of AGM and Explanatory Statement dated 29 October 2014.

The Company has issued shares to and entered into loan arrangements with previous Key Management Personnel (including Nicholas Bolton, who is currently a Key Management Personnel from 28 May 2019) pursuant to the ESP. Further details are set out in:

- Keybridge's ASX Announcement dated 19 December 2014: Appendix 3B and Further Detail Regarding Issuance of Loan Funded Shares);
- Keybridge's ASX Announcement dated 28 April 2015: Appendix 3B; and
- Note 22(d)(v) (Related Party Transactions) in the accompanying financial statements.

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The Company has not issued shares to and entered into loan arrangements with Key Management Personnel pursuant to the ESP during the financial year.

Save for Nicholas Bolton as outlined below, no other current Key Management Personnel are involved in the ESP via a vis holding or being issued ESP shares.

On 28 November 2014, shareholders approved the Company's Executive Share Plan (ESP). On 19 December 2014, the Company issued 9 million ESP shares to Nicholas Bolton (who was the Managing Director at the time) with the initial cost (\$1,678,500) funded by an ESP loan granted to Mr Bolton (ESP Loan).

The shares were split into two tranches, 6 million Tranche 1 shares with a vesting issue price of 18.65 cents per share (which are subject to a voluntary escrow deed entered into as part of the employee share loan agreement); and 3 million Tranche 2 shares at a vesting issue price of 30.15 cents per share. Subsequently, the Tranche 1 shares vested; however, the Tranche 2 shares did not vest and the shares were returned to the Company from Mr Bolton and sold on market, realising gross proceeds of \$210,000.

The original repayment date for the Tranche 1 loan expired in 2018 and since this date the loan has been receivable at the call of the Directors of the Company.

The loan documentation allows, at the absolute discretion of the Directors of the Company to accrue interest at a rate of 6.45% per annum calculated daily. Consistent with prior periods, the net interest owed to the Company has been impaired to nil and the Board has elected not to charge interest from the maturity date of the loan, and nor do they intend to do so for the foreseeable future.

On 30 September 2022 the Board of Directors resolved to execute a call on the employee share loan.

In the 2023 financial year, 500,000 Tranche 1 shares were sold on-market raising \$34,500 of new capital for the Company, thereby reducing the number of Tranche 1 shares to 5,500,000. As at the date of this report, the directors have resolved to execute a charge on the remaining Tranche 1 shares subject to the loan, sell those shares on market and end the limited loan recourse arrangement. None of the remaining 5,500,000 Tranche 1 shares were sold in the 2024 financial year.

Directors' report

(5) Formal Terms of Employment/Engagement

Details of the material terms of formal agreements entered by the Company with Key Management Personnel are as follows:

KMP and Position(s) Held	Relevant Date(s)	Base Salary/Fees per annum	Other Terms
Nicholas Bolton (Chief Executive Officer)	19 February 2017 (date of employment agreement) 17 December 2015 (date of suspension of employment) 27 May 2019 (date of amendments to employment agreement) 28 May 2019 (date of commencement as CEO)	\$440,000 base salary per annum (full-time basis) \$330,000 actual part-time salary per annum (agreed with the Company) plus statutory employer superannuation contributions (currently 11.50% of salary)	<ul style="list-style-type: none"> • The employment agreement (as amended) has no fixed term or fixed rolling terms of service. • Required part-time 30 hours per week over the course of a 5-day working week (averaged out over the course of a month) plus pre-agreed reasonable additional time required by the Company in order to satisfy Company business or operational requirements. • Employment may convert from part-time to full-time (and vice versa) by mutual written agreement. • If the CEO requests reinstatement on a full-time basis, which is denied by the Company, the Company is liable to pay the CEO between 6.25% - 18.75% of his full-time salary. • 20 days annual leave and 15 days (paid) personal/sick leave entitlements. • Three months' notice of termination by the CEO; Immediate termination by the Company (with notice and without cause) on payment of 25% of CEO's full-time salary; Immediate termination without notice if CEO commits any serious act of misconduct.
John Patton (Company Secretary/Non-executive Chairman)	13 October 2019 (date of commencement as Company Secretary) 9 June 2023 (date of commencement as non-executive director) 15 June 2023 (date of commencement as non-executive chairman)	\$60,000 base retainer fees per annum (excluding GST) plus additional fees (at an agreed day or hourly rate) in respect of approved/ agreed excess hours	<ul style="list-style-type: none"> • The Company does not presently have a formal agreement with Mr Patton

Directors' report

(6) Other Benefits Provided to Key Management Personnel

Save as outlined below, no Key Management Personnel has during or since the end of the financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest:

- (a) The Company previously agreed to advance \$440,000 as loan funds in respect of Nicholas Bolton's legal costs incurred in circumstances where Mr Bolton's Director's Deed with the Company provided a procedure for the advancement of monies in this regard. Mr Bolton previously served as a Director between 30 December 2011 and 9 October 2012 and between 2 January 2013 and 17 December 2015 (as Executive Director from 22 February 2013 and as Managing Director from March 2014). As at 30 June 2024, \$440,000 (2023: \$440,000) had been advanced via payments made to Mr Bolton's lawyers.

The Board agreed to advance these funds in accordance with the relevant provision of Mr Bolton's Director's Deed and subject also to various terms and conditions agreed with Mr Bolton, including a monetary cap (initially \$400,000 and increased to \$440,000 in March 2018), that advances would be provided only as payment of bills rendered by Mr Bolton's lawyers in relation to the relevant proceedings, that the Company needed to be satisfied that the amount of each legal bill was reasonable, that the Company would have access to Mr Bolton's lawyers to ensure that it was promptly informed of any material developments in relation to the proceedings and otherwise to enable the Company to assess the likely outcome of those proceedings, that Mr Bolton would be obliged to repay any amounts advanced in various circumstances specified in his Director's Deed including in any situation in which Mr Bolton is not entitled to be indemnified or advanced those costs.

The \$440,000 advance is accounted as a loan receivable asset, and a provision (ie. impairment expense) was recognised in a prior period for the full amount of \$440,000 (based on the Directors' judgement). This provision/impairment does not prejudice the Company's rights (including recovery) under the terms of the advance to Mr Bolton. If the Company receives a repayment (or recovery payment) in respect of this advance, the provision (impairment expense) will be reversed to the extent of such receipt.

- (b) During the year, the Company purchased an EV motor vehicle (at a cost of \$67,513 exc GST before a government rebate of \$3,000) which was used by Mr Bolton, with the annual depreciation costs of the vehicle to be salary sacrificed against Mr Bolton's remuneration.

Refer also Note 22 (Related Party Transactions) in the accompanying financial statements for other KMP related disclosures.

(7) Engagement of Remuneration Consultants

The Company has not engaged any remuneration consultants to provide remuneration recommendations in relation to Key Management Personnel during the year. The Board has established a policy for engaging external Key Management Personnel remuneration consultants which includes, inter alia, that the Non-Executive Directors on the RNC be responsible for approving all engagements of and executing contracts to engage remuneration consultants and for receiving remuneration recommendations from remuneration consultants regarding Key Management Personnel. Furthermore, the Company has a policy that remuneration advice provided by remuneration consultants be quarantined from Management where applicable.

Directors' report

(8) Securities in the Company Held by Key Management Personnel

The number of listed ordinary shares (ASX:KBC) in the Company held by Key Management Personnel is set below:

Key Management Personnel	Balance at commencement/ 30 June 2023	Additions	Received as part of remuneration	Disposals	Cessation of director/KMP	Balance at cessation/ 30 June 2024
Directors:						
Antony Catalano	22,324,631	-	-	-	-	22,324,631
Nicholas Bolton ^(a)	4,693,898	-	-	-	-	4,693,898
John Patton	348,641	-	-	-	-	348,641
Richard Dukes	-	-	-	-	-	-

The number of unlisted ordinary shares in the Company (issued under the ESP) held by Key Management Personnel is set below:

Key Management Personnel	Balance at commencement/ 30 June 2023	Additions	Received as part of remuneration	Disposals	Cessation of director/KMP	Balance at cessation/ 30 June 2024
Directors:						
Nicholas Bolton	5,500,000	-	-	-	-	5,500,000

Notes to tables:

- The disclosures of security holdings above are in accordance with the accounting standards which require disclosure of shares held directly, indirectly or beneficially by each Key Management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 Related Party Disclosures).
- On 30 November 2020, Mr Nicholas Bolton was appointed as a non-executive director of Yowie Group Limited (Yowie), with Mr John Patton being appointed as a non-executive director of Yowie on 5 February 2021. During the current year, the Company acquired additional shares on-market and under the takeover bid for Yowie at a cost of \$3,475,935 (2023: 495,082 shares).

(9) Voting and Comments on the Remuneration Report at the 2023 AGM

At the Company's most recent AGM, held on 27 November 2023, a resolution to adopt the prior year (2023) Remuneration Report was put to a vote on a poll and more than 25% of votes cast were against the adoption. This constituted a "first strike" under the executive remuneration related provisions of the Corporations Act^[1].

^[1] The Corporations Act was amended in June 2011 to introduce the so-called "two-strikes" rule - if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGM's are against adopting the remuneration report, shareholders will have the opportunity to immediately vote on a "Board Spill Resolution" at the second AGM, as required by section 250V of the Corporations Act. If the Board Spill Resolution is approved, a further meeting of shareholders must be held within 90 days (the Board Re-election Meeting). The directors (save for a managing director, where applicable) of a company will cease to hold office prior to the Board Re-election Meeting but are eligible to stand for re-election at the same. Key Management Personnel and their Closely Related Parties" are restricted from voting on the adoption of the remuneration report or the Board Spill Resolution but are not restricted from voting at the Board Re-election Meeting.

Directors' report

(10) Other Transactions with Key Management Personnel

During the financial year loans were advanced to the company by key management personnel. At year end \$403,329 was owing in total on these loans.

- (a) \$203,329 loan outstanding due to Nicholas Bolton being unsecured, non-interest bearing payable at call with no equity entitlement terms.
- (b) \$200,000 loan outstanding due to Antony Catalano being unsecured, interest bearing at 10% per annum payable at call with no equity entitlement terms.

(11) Other Transactions with Related Parties

During the 2023 financial year, the Company entered into a debt agreement with Metgasco Ltd to provide up to \$3 million in debt funding, with \$1.26 million having been advanced in the prior year and a further \$0.18 million advanced in August 2023. An interest rate of 10% per annum expensed and payable quarterly in arrears. In November 2023, Keybridge issued a termination notice, following an earlier default notice which was issued in October 2023. In April 2024, the \$1.44 million advanced by the Company under the Loan Note Agreement with Metgasco Ltd plus accrued interest was fully repaid. The interest received this financial year was \$93,945.

During the current year, Yowie Group Ltd provided a loan to the liquidator of PR Finance Group Limited ("PRFG") of AUD \$1.5 million with an interest rate of 12% p.a. to be utilised as cash security for its recovery actions. Keybridge agreed to indemnify Yowie against any loss for the provision of this loan to PRFG. The initial term of the loan is for a period of up to 4 months, subject to further agreement between the parties. Upon execution of the liquidation, Yowie will have ranking above other existing creditor claimants, including those of the Company.

Further, the Company also entered into a reciprocal loan agreement with Yowie where the Company may borrow a maximum principal up to AUD \$5 million from Yowie, with an interest rate of 10% p.a., for working capital purposes, or to earn a greater return on cash assets from time to time, where funds are deposited with the Company at the 10% pa rate. The loan is unsecured and payable at call with no set maturity date. At the end of June 2024, Keybridge had drawn down AUD \$1.65 million of this facility.

This concludes the remuneration report, which has been audited.

Directors' report

Legal Proceedings on behalf of company

The Company has been a party to a number of legal proceedings during and since the financial year, including:

- Keybridge is seeking recovery of \$30,000,000 in unpaid monies from Ben Thynne, Nathan Thynne and Grenville Thynne. Keybridge has previously advanced A\$500,000 in security of potential costs with the Court, as ordered by the Court, which Keybridge expects to recover on the successful prosecution of this matter;
- In February 2024, Wilson Asset Management (WAM) initiated proceedings against Keybridge in an attempt to wind it up for insolvency, over circa \$275k of costs owed to WAM, despite Keybridge's current assets materially exceeding its current liabilities and despite Keybridge's net equity position as at 31 December 2023 of circa \$13 million – which notably is consistent with the value WAM carried its investment in Keybridge at in its own audited accounts. The \$275K of costs relate to an earlier cost order received by WAM that was being reviewed and assessed by a cost assessor. Keybridge had offered to pay the amount sought by WAM into the court whilst the quantum was assessed, however WAM rejected this offer. Keybridge now confirms that it paid, within five (5) business days of receiving the cost assessor determinations, the full amount of the cost assessment, including interest, to WAM however WAM has not withdrawn its action. Consequently, Keybridge continues to defend this matter;
- On 28 August 2024, the liquidator (which the Company had been funding) received an unfavourable verdict in relation to its claim against the former directors of PR Finance Group Limited (in Liquidation), with the Court ordering that the Liquidator pay the parties' costs. As part of this hearing, funds of \$1.8 million were lodged with the Court as security for potential costs. Consequently, it is likely these funds will be called upon and, accordingly, Keybridge expects to recognise a loss. Keybridge is considering its position in relation to this matter; and
- E&P Investments Limited successfully sought relief against Keybridge in the Supreme Court of NSW that a Notice of Meeting under section 252D be declared invalid by mutual consent for the parties. Keybridge was ordered to pay costs of the proceedings.

Shares under option

Not applicable.

Directors' report

Events subsequent to balance sheet date

In July 2024, the Company advanced an unsecured loan of \$4.95 million to an audited asset rich entity owned by Mr Bolton, pursuant to a loan agreement, equal to the unpaid restraint of conduct fee (\$4.75 million) and bonus (\$0.2 million). The loan is on commercial terms with an interest rate of 10% p.a., capitalising yearly and the maturity date is tied to, and is to be set off against, the restraint of conduct liability (in December 2025). In circumstances where the Company requires the loan to be repaid, including due to a breach of the standstill agreement, the audited asset rich entity has sufficient assets to repay the loan and the obligation to do so is joint and several with Mr Bolton.

In July 2024, the Company paid \$0.2 million to Mr Catalano thereby extinguishing the \$0.2 million success fee liability (in note 15) to nil.

On 3 July 2024, the Company entered a short-term debt facility and borrowed \$3 million which was repaid on 12 August 2024.

On 20 August 2024, the ASX lifted its suspension over the Company's securities, pursuant to an ASX announcement on 19 August 2024. The annual ASX Listing fees had been due for payment by 31 July 2024, however the Company elected not to make payment at that time as it was not clear whether the ASX suspension would ever be lifted. Consequently, whilst the Board was assessing the merits of being a listed company, in circumstances where it has been suspended for nearly two (2) years in the last five (5) years, the Company's securities were automatically suspended on 22 August 2024. Ultimately, the Keybridge Board considered it was in the best interests of all parties to be listed, so paid the annual listing fees ahead of the deadline of 28 August 2024, thereby averting the Company's permanent removal from the Official List.

On 28 August 2024, the liquidator (which Keybridge had been funding) received an unfavourable verdict in relation to its claim against the former directors of PR Finance Group Limited (in Liquidation), with the Court ordering that the Liquidator pay the parties' costs. As part of this hearing, funds of \$1.8 million were lodged with the Court as security for potential costs. Consequently, it is likely that these funds will be called upon and, accordingly, Keybridge expects to recognise a loss. Whilst Keybridge expensed the legal costs as incurred, it has not recognised a provision for the parties' costs at balance date. Keybridge is considering its position in relation to this matter.

On 25 September 2024, the Company entered into a short-term debt facility and borrowed \$0.5 million.

On 25 September 2024, the Company paid \$0.2 million to Bell Potter in full and final payment pursuant to a Settlement Deed executed earlier in the year.

In October 2024, the Company paid within five (5) business days of receiving the cost assessor determinations, the full amount of the cost assessments, including interest, to WAM however WAM has not withdrawn its action. Consequently, Keybridge continues to defend the WAM wind-up application and has incurred legal costs more than the total amount claimed by WAM and considers it likely that WAM has as well.

No other matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may affect:

- (i) the operations of the Company in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Company in the future financial years.

Legal Proceedings (leave of court)

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Directors' report

Non-audit services

During the year, William Buck Audit (Vic) Pty Ltd, the Company's auditor, did not perform other services in addition to their statutory duties for the Company as disclosed in Note 23 to the financial statements.

Where other services are to be provided by the Company's auditor, the Board needs to be satisfied that the provision of other services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 24 did not compromise the external auditor's independence for the following reasons:

- All non-audit services are to be reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to the auditor independence in accordance with the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) forms part of this Directors Report and is set out on page 13. This relates to the Audit Report, where the Auditors state that they have issued an independence declaration.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



John Patton
Chairman

29 October 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Keybridge Capital Limited

As lead auditor for the audit of Keybridge Capital Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Keybridge Capital Limited and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

N. S. Benbow

N. S. Benbow

Director

Melbourne, 29 October 2024

Financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Profit from stablecoin arbitrage			
Sale of stablecoin	2	6,863,419	53,563,259
Cost of stablecoin sold		(6,838,337)	(55,096,957)
Gross (loss) / profit		25,082	(1,533,698)
Other revenue and income	2		
Fees		57,097	108,956
Interest revenue		633,433	382,228
Dividend revenue		52,682	2,539,635
Other income		716,232	395,000
Other gains and losses	3	9,790,077	(3,485,592)
Expenses	4		
Personnel expenses		(766,886)	(797,675)
Corporate expenses		(279,340)	(346,303)
Legal expenses		(1,088,024)	(2,741,232)
Administration expenses		(426,186)	(179,805)
Other expenses		(808,648)	(96,863)
Finance expenses		(726,818)	(793,109)
Impairment on loans		(20,746)	(2,397,051)
Profit/(loss) before income tax expense		7,157,955	(8,945,509)
Income tax expense	6	-	-
Profit/(loss) after income tax expense for the year attributable to the members of Keybridge Capital Limited		7,157,955	(8,945,509)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		96,823	(1,874)
Other comprehensive income for the year, net of tax		96,823	(1,874)
Total comprehensive income for the year attributable to the members of Keybridge Capital Limited		7,254,778	(8,947,383)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the members of Keybridge Capital Limited			
Basic earnings per share	7	3.45	(4.31)
Diluted earnings per share	7	3.36	(4.31)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	8	792,046	105,572
Security deposits	9	1,034,185	320,000
Financial assets at fair value through profit or loss	10	9,001,713	6,074,371
Inventories		-	1,282
Trade and other receivables	11	86,225	138,311
Other assets		85,012	34,694
Total current assets		10,999,181	6,674,230
Non-current assets			
Financial assets at fair value through profit or loss	10	373,537	630,975
Trade and other receivables	11	9,808,781	6,379,058
Property, plant and equipment		60,826	-
Total non-current assets		10,243,144	7,010,033
Total assets		21,242,325	13,684,263
Liabilities			
Current liabilities			
Trade and other payables	14	2,932,244	3,373,064
Borrowings	15	2,130,864	5,906,514
Employee benefits		259,036	228,925
Total current liabilities		5,322,144	9,508,503
Non-current liabilities			
Provision for restraint of conduct expenses	16	4,467,132	-
Borrowings	15	22,511	-
Total non-current liabilities		4,489,643	-
Total liabilities		9,811,787	9,508,503
Net assets		11,430,538	4,175,760
Equity			
Issued capital	17	257,044,033	257,044,033
Reserves		17,664,289	8,916,739
Accumulated losses		(263,277,784)	(261,785,012)
Total equity		11,430,538	4,175,760

The above statement of financial position should be read in conjunction with the accompanying notes

Financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

Consolidated	Issued capital \$	Share-based payments \$	Profit reserve \$	Foreign currency translation \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	257,009,533	321,600	8,459,287	137,726	(252,839,503)	13,088,643
Loss after income tax expense for the year	-	-	-	-	(8,945,509)	(8,945,509)
Other comprehensive income for the year, net of tax	-	-	-	(1,874)	-	(1,874)
Total comprehensive income for the year	-	-	-	(1,874)	(8,945,509)	(8,947,383)
Transactions with members in their capacity as members:						
Shares issued	34,500	-	-	-	-	34,500
Balance at 30 June 2023	257,044,033	321,600	8,459,287	135,852	(261,785,012)	4,175,760
Consolidated	Issued capital \$	Share-based payments \$	Profit reserve \$	Foreign currency translation \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	257,044,033	321,600	8,459,287	135,852	(261,785,012)	4,175,760
Profit after income tax expense for the year	-	-	-	-	7,157,955	7,157,955
Other comprehensive income for the year, net of tax	-	-	-	96,823	-	96,823
Total comprehensive income for the year	-	-	-	96,823	7,157,955	7,254,778
Transfer to profit reserve	-	-	8,650,727	-	(8,650,727)	-
Balance at 30 June 2024	257,044,033	321,600	17,110,014	232,675	(263,277,784)	11,430,538

The above statement of changes in equity should be read in conjunction with the accompanying notes

Financial statements

STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Cash flows from operating activities			
Receipts from Stablecoin arbitrage		6,863,419	53,563,259
Payments for Stablecoin		(6,837,055)	(55,073,513)
Fees received		57,097	108,956
Recovery of legal fees		716,232	395,000
Payments to suppliers and employees		(4,610,113)	(3,367,028)
Net cash used in operating activities		(3,810,420)	(4,373,326)
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit or loss		45,870,151	8,343,394
Payments for financial assets at fair value through profit or loss		(36,563,455)	(8,059,286)
Dividends received		109,759	2,628,708
Interest received		167,075	6
Net cash from investing activities		9,583,530	2,912,822
Cash flows from financing activities			
Proceeds from issue of shares	17	-	34,500
Loan facility payments		(6,015,741)	(1,260,000)
Proceeds from borrowings		149,999	2,300,000
Proceeds from borrowings from related parties		4,386,109	7,183,583
Repayments of borrowings to related parties		(3,177,009)	(6,371,635)
Interest and other finance costs paid		(526,817)	(365,435)
Net cash from/(used in) financing activities		(5,183,459)	1,521,013
Net increase in cash and cash equivalents		589,651	60,509
Cash and cash equivalents at the beginning of the financial year		105,572	54,680
Effects of exchange rate changes on cash and cash equivalents		96,823	(9,617)
Cash and cash equivalents at the end of the financial year	8	792,046	105,572

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

30 June 2024

Note 1. About this financial report

1.1 Background

This financial report covers the consolidated financial statement of the consolidated entity consisting of Keybridge Capital Limited (ASX:KBC) (the **company** or **KBC**) and its subsidiaries (the **consolidated entity** or **Keybridge**). The financial report is presented in the Australian currency.

Keybridge Capital Limited is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity.

Information is considered material and relevant if, for example:

- (a) the amount in question is significant because of its size or nature;
- (b) it is important for understanding the results of the Consolidated Entity;
- (c) it helps to explain the impact of significant changes in the Consolidated Entity's business; or
- (d) it relates to an aspect of the Consolidated Entity's operations that may be important to its future performance.

The notes to the financial statements are organised into the following sections:

- (a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

- 2 'Revenue and income'
- 3 'Other gains and losses'
- 5 'Segment information'
- 7 'Earnings/(Loss) per share'

- (b) **Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes

- 8 'Cash and cash equivalents'
- 10 'Financial assets at fair value through profit or loss'
- 11 'Trade and other receivables'
- 12 'Financial risk management'
- 14 'Trade and other payables'

- (c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

- 13 'Fair value measurement of financial instruments'

- (d) **Capital Structure:** Outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the company:

Notes

- 17 'Issued capital'
- 18 'Franking credits'
- 19 'Capital risk management'

- (e) **Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes to the financial statements

Note 1. About this financial report (continued)

Notes

- 20 'Parent entity information'
- 21 'Investment in controlled entities'
- 22 'Related party transactions'

- (f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes

- 23 'Remuneration of auditors'
- 24 'Loan commitments'
- 25 'Contingencies'
- 26 'Events occurring after the reporting period'

Material Accounting Policy Information

Material and other accounting policies that summarise the measurement basis used, and presentation policies adopted that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Critical accounting judgements and estimates

Information about the significant areas of estimation, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Notes

- 6 'Income tax'
- 10 'Financial assets at fair value through profit or loss'
- 11 'Trade and other receivables'

Accounting for cryptocurrency transactions

Cryptocurrency transactions are treated as inventory, as set out in the accounting policy at Note 2. These transactions are recorded on a gross basis as the Group wears the risk attached to the purchase and sale of its cryptocurrency inventories.

1.2 Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**), Australia Accounting Interpretations and the *Corporations Act 2001* (Cth). The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Reporting Basis and Financial Statement Presentation

The financial report has been prepared on a going concern basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

Notes to the financial statements

Note 1. About this financial report (continued)

1.3 Accounting for investments and basis for consolidation

Investments in subsidiaries where the primary purpose of the subsidiary is to provide services relating to investment activities

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2024 and the results of its subsidiaries for the year then ended. The entities assist the Company in rendering its investment activities. As these investments are 100% controlled (economically and through voting interest) by the Company, they are fully consolidated in these financial statements and referred to in this financial report as the Consolidated Entity. There was no change in the ownership of each of these subsidiaries for the year.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

Investments in portfolio assets

Investments in portfolio assets, where the purpose of holding that portfolio assets is for capital appreciation, investment income or both are initially and thereafter recognised at fair value through profit or loss.

1.4 Going concern

For the year ended 30 June 2024 the Group generated a profit after income tax of \$7,157,955, a large portion of which relates to realised gains, and cash inflows of \$17.8 million from the Magellan Global Fund Options trade realisation in December 2023. In combination with the Group's net asset position of \$11,430,538, the directors of the Company are satisfied that the going concern basis of preparation is appropriate.

1.5 New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted.

The directors expect that none of these Standards or Interpretations have or will materially impact these financial statements or those in future financial reporting periods.

Note 2. Revenue and income

The consolidated profit/(loss) before income tax includes the following items of revenue:

	2024 \$	2023 \$
Revenue		
Sale of stablecoin	6,863,419	53,563,259
Other revenue		
Investment management fees	57,097	108,956
Interest received	633,433	382,228
Dividend received	52,682	2,539,635
Recovery of legal fees	716,232	395,000
Total revenue	8,322,863	56,989,078

Notes to the financial statements

Note 2. Revenue and income (continued)

Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. All revenue is stated net of the amount of Goods and Services Tax (GST) except where the amount of GST incurred is not payable to the Australian Tax Office. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of financial assets, goods and other assets

Revenue from the sale of financial assets, goods or other assets is recognised when the Consolidated Entity has passed control of the financial assets, goods or other assets to the buyer.

(b) Fees and interest revenue

Interest revenue is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset to the carrying amount of the financial asset. When calculating the effective interest rate, the Consolidated Entity estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Where there are uncertainties in relation to the collectability of interest income, the Consolidated Entity will determine whether income is probable. Where it is not probable, the interest is accordingly not accrued. The Consolidated Entity may receive fees for such services as loan extensions or debt facility management. Fees that are integrated into the effective yield of financial assets are included in the measurement of the effective interest rate.

(c) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established. The Consolidated Entity brings dividend revenue to account on the applicable ex-dividend entitlement date.

(d) Other revenue

Other revenues are recognised on an accrual basis.

(e) Stablecoin transactions

During the year the Consolidated Entity undertook limited trading in Stablecoin, cryptocurrency assets which have an underlying backing of a widely traded market price. Payments for and proceeds from Stablecoin are recognised in the financial statements upon the date of settlement of the trade with the counterparty. As the Group directly transacts in the purchase and sale of Stablecoin and wears risk for any fluctuation in the value of the Stablecoin for the duration of the period that it owns the asset, as well as any risk arising from the default of a counterparty trading in the Stablecoin, it recognises its purchases and sales of the asset on a gross basis in the Statement of Financial Position. As at 30 June 2024, the Consolidated Entity had an inventory balance of \$1,282 in Stablecoin.

Note 3. Other gains and losses

	Consolidated	
	2024	2023
	\$	\$
Realised gain /(loss) on financial assets at fair value through profit or loss	12,406,128	(2,055,987)
Unrealised gain /(loss) on financial assets at fair value through profit or loss	1,216,314	(1,319,262)
Restraint of conduct expense (NPV)	(4,467,132)	-
Gain /(loss) on revaluation of foreign currency assets	634,767	(110,343)
	<u>9,790,077</u>	<u>(3,485,592)</u>

Notes to the financial statements

Note 4. Expenses

The consolidated profit/(loss) before income tax includes the following items of expenses:

	2024 \$	2023 \$
Cost of sales		
Cost of stablecoin sold	6,838,337	55,096,957
Personnel expenses		
Directors' fees	53,989	102,047
Salaries and wages	601,363	587,315
Other	111,534	108,313
Corporate expenses		
Auditing, accounting and tax services	226,294	225,962
Liquidator fees	-	75,843
Others	53,046	44,498
Administration expenses	426,186	179,805
Finance expense	726,818	793,109
Other expenses	808,648	96,863
Impairment on loans	20,746	2,397,051
	9,866,961	59,707,763

Notes to the financial statements

Note 5. Segment information

The Consolidated Entity has three strategic business segments as described below:

- (a) Equity Investments comprise investments in listed and unlisted equities with exposure to various sectors from time to time;
- (b) Debt investments comprise loans advanced, debts secured via assignment and investments in debt instruments with exposure to a number of different sectors; and
- (c) Stablecoin arbitrage trading with the purpose of generating a profit from fluctuations in price and broker-traders' margin.

2024	Equity	Debt	Crypto-	Corporate	Total
Segment profit and loss	investments	investments	currency		
	\$	\$	trading	\$	\$
Revenue and other income	13,670,901	1,066,464	6,863,419	958,539	22,559,323
Expenses	(1,070,019)	(486,889)	(6,838,337)	(7,006,123)	(15,401,368)
Results from operating activities	12,600,882	579,575	25,082	(6,047,584)	7,157,955
Income tax expense	-	-	-	-	-
Profit/(Loss) for the year	12,600,882	579,575	25,082	(6,047,584)	7,157,955
Segment assets	9,472,327	9,192,837	-	2,577,161	21,242,325
Segment liabilities	(1,524,766)	(7,117,170)	-	(1,169,851)	(9,811,787)
	7,947,561	2,075,667	-	1,407,310	11,430,538

2023	Equity	Debt	Crypto-	Corporate	Total
Segment profit and loss	\$	\$	currency	\$	\$
Revenue and other income	3,696,749	359,028	53,563,259	527,417	58,146,453
Expenses	(6,197,611)	(2,683,940)	(55,096,957)	(3,113,454)	(67,091,962)
Results from operating activities	(2,500,862)	(2,324,912)	(1,533,698)	(2,586,037)	(8,945,509)
Income tax expense	-	-	-	-	-
Profit/(Loss) for the year	(2,500,862)	(2,324,912)	(1,533,698)	(2,586,037)	(8,945,509)
Segment assets	6,796,641	6,449,100	1,282	437,241	13,684,264
Segment liabilities	(2,070,929)	(5,932,602)	-	(1,504,973)	(9,508,504)
	4,725,712	516,498	1,282	(1,067,732)	4,175,760

Notes to the financial statements

Note 5. Segment information (continued)

Equity investments made a profit during the reporting period.

Accounting policy

The Consolidated Entity operates principally in the Australian geographical area. An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated Entity's other components. All operating segments' operating results for which discrete financial information is available are regularly reviewed by the Company's Board of Directors/Chief Executive Officer (as applicable, the case may be) (being the 'Chief Operating Decision-Maker' under *AASB 8 Operating Segments*) to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Chief Operating Decision-Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Company has no key customers which account for more than 10% of its revenues

Note 6. Income tax

	Consolidated 2024 \$	2023 \$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
	-	-
Aggregate income tax expense	-	-
(b) The prima facie tax on operating loss before income tax is reconciled to the income tax as follow:		
Profit/(loss) before income tax expense	7,157,955	(8,945,509)
Tax at the statutory tax rate of 30%	2,147,387	(2,683,653)
Tax losses carry forward / (recouped)	(2,147,387)	2,683,653
Income tax expense	-	-

Critical accounting judgement and estimate

The Consolidated Entity is subject to income taxes (and other similar taxes) in Australia. Judgement is required in determining the Consolidated Entity's provision for income taxes. The Consolidated Entity has carried forward tax losses of \$165,802,314, however these losses need to be periodically reviewed to consider the same business test and continuity of ownership rules. During the year, the Company sought external specialist taxation advice which confirmed that no tax was payable on the MGFO option trade realisation.

Deferred tax assets have not been recognised as, in the Directors' opinion, it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. The utilisation of revenue and capital tax losses are subject to compliance with taxation legislation.

Tax Consolidation

The head entity, Keybridge Capital Limited, and its then Australian controlled entities have formed a tax consolidated group with effect from June 2013. The members of the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Notes to the financial statements

Note 6. Income tax (continued)

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets (as appropriate) arising from unused tax losses and unused tax credits pertaining to controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Consolidated Entity.

Accounting policy

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each taxing jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses (if applicable).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each taxing jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Consolidated Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Notes to the financial statements

Note 7. Earnings/(Loss) per share

	Consolidated	
	2024	2023
	\$	\$
Profit/(loss) after income tax attributable to the members of Keybridge Capital Limited	<u>7,157,955</u>	<u>(8,945,509)</u>
	Number of shares	Number of shares
	2024	2023
Weighted average number of ordinary shares	207,337,836	207,337,836
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	207,337,836	207,337,836
Adjustments for calculation of diluted earnings per share:		
Employee Share Scheme shares	5,500,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>212,837,836</u>	<u>207,337,836</u>
	Cents	Cents
Basic earnings per share	3.45	(4.31)
Diluted earnings per share	3.36	(4.31)

Accounting policy

Basic earnings/(loss) per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

Diluted earnings/(loss per) share adjusts the figures used in the determination of basic earnings/loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions (including 5,500,000 Employee Share Scheme shares in the 2024 financial year, whereas in the 2023 financial year this had an antidilutive effect).

Notes to the financial statements

Note 8. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>792,046</u>	<u>105,572</u>
	2024	2023
	\$	\$
(a) Reconciliation of operating loss provided by operating activities after income to net cash		
Profit/(Loss) after income tax	7,157,955	(8,945,509)
Add non-cash items:		
Fair value gains on financial assets at fair value through P&L	(13,620,679)	6,291,633
Dividend income classified as investing activity	(109,759)	(2,628,708)
Interest revenue classified as investing activity	(167,075)	(6)
Unrealised FX gain	52,773	9,617
Restraint of trade expenses	4,467,132	-
Capitalisation of interest income	(466,358)	(359,027)
Capitalisation of interest expense	-	404,174
Changes in assets and liabilities:		
Trade and other receivables	52,086	229,611
Inventory	(1,282)	23,444
Trade and other payables	(440,821)	877,135
Employee provisions	30,111	44,052
Other assets	(50,318)	258
Security deposit	(714,185)	(320,000)
Cash flow from operating activities	<u>(3,810,420)</u>	<u>(4,373,326)</u>

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

Notes to the financial statements

Note 9. Security deposits

	Consolidated 2024 \$	30 Jun 2023 \$
<i>Current assets</i>		
Security deposits	1,034,185	320,000
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	320,000	-
Security deposits - Supreme Court of NSW	-	320,000
Repayment of security deposits from Supreme Court of NSW	(320,000)	-
Security deposits - Supreme Court of VIC re PRFG	534,185	-
Security deposits - Supreme Court of QLD re Thynne & Co	500,000	-
Closing balance	1,034,185	320,000

Note 10. Financial assets at fair value through profit or loss

	Consolidated 2024 \$	2023 \$
<i>Current assets</i>		
Shares in listed investments	8,783,897	5,862,147
Unlisted investments at fair value	217,816	218,697
Futures derivatives at fair value	-	(6,473)
	9,001,713	6,074,371
<i>Non-current assets</i>		
Shares in listed investments	373,537	630,975

Futures derivatives comprise exchange traded index futures contracts.

On 29 December 2023, Keybridge announced an off-market takeover bid for all the ordinary shares in Yowie Group Limited (ASX: YOW), for a cash consideration of 3.4 cents per Yowie Share. At the time of announcing the takeover bid, Keybridge had a relevant interest of 35.66% in Yowie. The takeover bid closed on 26 April 2024, with acceptances received under the takeover bid resulting in Keybridge's relevant interest increasing to 78.359%. At year end, Keybridge has accounted for its investment in Yowie at fair value, being 2.7 cents per share, which equates to \$4.137 million. This compares with the Company's recent takeover bid price of 3.4 cents per Yowie share, which the Independent Expert considered was not fair but reasonable and also represents a \$2.758 million discount to its proportionate share of Yowie's net asset position of \$6.894 million as at 30 June 2024.

Financial instruments carried at fair value are categorised under a three level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

The following table shows the financial assets recorded at fair value, analysed by the following categories:

Level 1 – valued at a quoted market price

Notes to the financial statements

Note 10. Financial assets at fair value through profit or loss (continued)

Level 2 – a valuation technique based upon market observable inputs

Level 3 – a valuation technique based upon non-market observable inputs

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2024				
Financial assets at fair value through profit or loss				
Shares in listed investments	8,783,897	-	-	8,783,897
Unlisted investments at fair value	-	373,537	217,816	591,353
Cash instruments held in derivative trading portfolio	-	-	-	-
Total financial assets at fair value through profit or loss	8,783,897	373,537	217,816	9,375,250
30 June 2023				
Financial assets at fair value through profit or loss				
Shares in listed investments	5,862,147	-	-	5,862,147
Unlisted investments at fair value	-	630,975	218,697	849,672
Cash instruments held in derivative trading portfolio	(6,473)	-	-	(6,473)
Total financial assets at fair value through profit or loss	5,855,674	630,975	218,697	6,705,346

There have been no transfers between the levels of the fair value hierarchy during the reporting period.

The following table shows a reconciliation of the movement in fair value of financial instruments categorised within Level 3 between the beginning and the end of the half year:

	Unlisted Investments \$
As at 1 July 2023	218,697
Total fair value gains and losses in profit or loss	(881)
As at 30 June 2024	217,816

As at the year ended 30 June 2024, there has been no reasonable movement in the unobservable inputs used in the fair value measurement of Level 3 financial assets that would materially influence the results presented in these financial statements (2023: no material impact).

Notes to the financial statements

Note 10. Financial assets at fair value through profit or loss (continued)

The level 3 investment relates to the equity interest in Foundation Life, for which the Group has a stapled loan asset (refer to Note 11).

This equity interest is priced at fair value using a net asset value approach, whereby the net assets in Foundation Life are divided by the total securities issued to investors. In considering fair value, the Directors have evaluated that the net assets reported by Foundation life approximate their fair values, if they were to be sold on-market in an orderly fashion.

Critical accounting judgement and estimate

Judgements have been made in the determination of the carrying value and fair value of financial assets held at fair value through profit or loss. In making these judgements, the Consolidated Entity may give additional consideration to adopting the most recent bid price (prior to the balance date) of listed investments suspended from trading on a securities exchange as at balance date and the underlying value of unlisted investments.

Investment in Molopo Energy Limited (Molopo)

On 17 December 2021, Molopo advised (via its website) that it had settled a legal action against the former Molopo directors for A\$12 million. The Company notes that the value of its investment in Molopo was previously written down to nil and has not been adjusted during the current financial year, pending resolution of the Canadian litigation.

Keybridge continues to monitor its investment in Molopo and may re-assess the carrying value of its investment in Molopo based on further information about Molopo's financial position and litigation activities.

Accounting policy

Under AASB 9 *Financial Instruments*, the Consolidated Entity classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- (ii) designated as such upon initial recognition where permitted.

Fair value movements are recognised in the Statement of Profit or Loss in the period in which they arise.

Investments in HHY Fund (HHY)

Management notes that HHY Fund was removed from the Official List of the Australian Securities Exchange (ASX:HHY) on 26 August 2022, after having its voluntary suspension from quotation on 27 February 2020, however HHY publishes its monthly NTA which is adopted by the Company. The Company has no plans to liquidate the investments in HHY Fund in the next 12 months and these have been classified as non-current assets accordingly.

Notes to the financial statements

Note 11. Trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	16,681	73,758
Less: Allowance for expected credit losses	(3,716)	(3,716)
	<u>12,965</u>	<u>70,042</u>
Other receivables	73,260	68,269
	<u>86,225</u>	<u>138,311</u>
<i>Non-current assets</i>		
Loan receivables - Property	7,165,863	6,937,657
Less: Allowance for expected credit losses	(3,665,863)	(6,102,201)
Loan receivables - Insurance	4,526,028	4,283,602
Less: Allowance for expected credit losses	-	-
	<u>8,026,028</u>	<u>5,119,058</u>
Loan receivables - Private equity	8,868,366	8,868,366
Less: Allowance for expected credit losses	(7,714,520)	(8,868,366)
Loan receivables - Other	2,660,720	3,271,066
Less: Allowance for expected credit losses	(2,031,813)	(2,011,066)
	<u>1,782,753</u>	<u>1,260,000</u>
	<u>9,808,781</u>	<u>6,379,058</u>

Loans and receivables are financial assets at amortised cost.

	2024	2023
	\$	\$
Movement in impairment		
Opening balance	16,981,633	14,584,582
Re-estimation of impairment	(3,818,390)	-
Impairment expense	248,953	2,397,051
Closing balance	<u>13,412,196</u>	<u>16,981,633</u>

(a) Loan Receivables – Private Equity: Keybridge advanced ~US\$4.3m to RPE I Investor LLC (RPE Investor) (a subsidiary of Republic Financial Corporation (RPC), a US private investment company) under a limited recourse promissory note (Note) secured (via collateral pledged) over RPE Investor's interest in the Republic Private Equity I Limited Liability Limited Partnership, a private equity fund (managed by a related party to RPC) with investments in US based manufacturing/distribution businesses (RPE Fund). The principal and accrued interest (at 14.5% pa) under the note was repayable on maturity on 29 December 2017.

On 24 August 2017, Keybridge received notice from an RPC Executive (Republic) advising that it was 'highly unlikely that the Note would be satisfied on or before its scheduled maturity' (on 29 December 2017) and proposing a 3-year extension of the Note term or a 'buy-out' (retirement) of the Note for US\$0.394 million.

The Board reduced the carrying value of the Note (receivable) to Nil in prior years (based on the Directors' judgement). In May 2024, Keybridge settled this long running legal dispute, with US\$750,000 to be paid to Keybridge over a two year period, earning an interest rate of 9% p.a. Consequently, this has been recognised as a receivable by the Company as at 30 June 2024.

Notes to the financial statements

Note 11. Trade and other receivables (continued)

(b) Loan Receivables – Property: Keybridge has registered mortgages over strata title lots as security for loans to private companies (which are in liquidation). Previously, the loan was carried at \$0.835 million, however in May 2024, the expected future cash flows to be received with regards to the loan were re-estimated to be A\$3.5 million, following an offer of debt finance of \$3.5 million (on an LVR of 50%) received from an external financier (secured by this property), which the Company did not proceed with (2023: \$0.835 million). This re-estimation has been determined on the basis that this is the expected future cashflow that would be realised on settlement of principal and interest payments of the loan. Based on the Directors' judgement, having regard to historical valuations conducted on the property as well as the fact that Keybridge being the first ranked creditor to the loan assets, no further allowance for expected credit losses has been recognised since the last reporting period.

(c) Loan Receivables – Insurance: Keybridge invested NZ\$3.691 million (A\$3.307 million) (via NZ\$0.109 million equity and NZ\$3.691 million notes) into Foundation Life, to finance Foundation's acquisition of Tower Limited's life insurance business in New Zealand in 2014. Interest of 9% per annum is payable under the note, which is redeemable by noteholders in 50 years (May 2064) or by Foundation (from time to time). As at balance date, the loan balance is NZ\$5.091 million (A\$4.659 million), including interest of NZ\$0.429 million (A\$0.396 million) capitalised for the year ended 30 June 2024. (30 June 2023: NZ\$4.662 million and A\$4.284 million).

Management notes that the Foundation Group's reported net asset position (net of the loan notes) is significantly higher than the value ascribed to the Company's 10.13% equity interest in Foundation Trust (which owns 100% of FLNZ Holdings/FLNZ). Further, Foundation Life has advised policyholders that, subject to obtaining the necessary approvals, it may seek to restructure its insurance policies whereby policyholders will have the option to (a) transfer coverage to a new insurer with no further premium payments; (b) receive a cash payment in lieu of further cover. The impending restructure prevents Foundation Life from making a return in capital and as a result, interest on the loan assets has been capitalised and acknowledged by the Foundation Group. In light of the distant expiration date (May 2064) of the redeemable notes, the directors deem it unnecessary to make allowance for credit losses in the foreseeable future.

Keybridge Capital Limited provided finance of NZ\$1.571 million (A\$1.438 million) during the year, including interest of NZ\$0.073 million (A\$0.068 million) capitalised for the year ended 30 June 2024.

The Consolidated Entity has assessed whether these loans/receivables are credit-impaired using the three-stage model general approach under AASB 9 *Financial Instruments* and has determined there is no significant increase in credit risk since the last reporting period and that no further allowance should be recognised for expected credit losses.

Note 12. Financial risk management

The Consolidated Entity seeks to minimise the effects of financial risks arising in the normal course of the Consolidated Entity's business.

Financial risk management is undertaken by Management/the Board (as appropriate, as applicable) under policies approved by the Board. During the year, Management continued to monitor the Consolidated Entity's policies and sought Board approval for any necessary changes to manage financial risks.

The Board is responsible for overseeing the implementation of and ensuring there are adequate policies in relation to the Consolidated Entity's risk management, compliance and control systems. These systems require Management to be responsible for identifying and managing the Consolidated Entity's risks in this regard.

The Consolidated Entity's principal financial assets comprise cash and cash equivalents, trade and other receivables, loans and loan receivables, debt instruments/securities; investments in listed and unlisted securities and derivatives. The Consolidated Entity's principal financial liabilities comprise trade and other payables. The Consolidated Entity's activities expose it to a variety of direct and indirect financial risks comprising market risk, interest rate risk, credit risk, liquidity risk and foreign currency risk.

Notes to the financial statements

Note 12. Financial risk management (continued)

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equities and property prices will affect the Consolidated Entity's profitability. The objective of market risk management is to seek to manage and control risk exposures within acceptable parameters, while optimising expected returns.

(i) Price risk

The Consolidated Entity is exposed to equity securities price risk. This arises from investments held by the Consolidated Entity and classified in the Statement of Financial Position at fair value through profit or loss. The Consolidated Entity may also be indirectly exposed to commodity price risk in respect of its underlying investments.

The value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all instruments in the market. The Consolidated Entity will always be subject to market risk as it invests its capital in securities that are not risk free. This is reflected in the market price of these securities which can and will fluctuate. The Consolidated Entity may endeavour to manage this risk through entering into derivative contracts, futures, options or swaps (as applicable).

Equity price risk is also managed by ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

Sensitivity analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to equity securities price risk for its listed financial assets at fair value through profit or loss. The analysis demonstrates the effect on the current year results and equity which could result from a change in these risks. The ASX/S&P 200 Accumulation Index was utilised as the benchmark for the investment portfolio.

	Profit 2024 \$	Profit 2023 \$	Equity 2024 \$	Equity 2023 \$
5% increase	578,671	293,107	578,671	293,107
5% decrease	(578,671)	(293,107)	(578,671)	(293,107)

(ii) Interest rate risk

The Consolidated Entity's Loans and Receivables are generally at fixed rates and where applicable, asset-specific debt may be 'term matched' with fixed interest rates to endeavour to hedge those specific cash flows. The Consolidated Entity's policy is to ensure that, where appropriate, all material interest rates in relation to non-recourse financing within an investment are fixed for the term of the non-recourse financing.

The Consolidated Entity may be entitled to receive a fixed rate of interest in relation to its financial assets. Interest income received as cash or, where there is a reasonable probability of receipt, accrued as income, are recognised in the profit and loss statements.

Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2024 there was no exposure of any financial instrument to any material movement in interest rates.

Notes to the financial statements

Note 12. Financial risk management (continued)

(b) Credit risk

The Consolidated Entity is exposed to credit risk in the event that a counterparty fails to meet its contractual obligations in relation to the Consolidated Entity's investments or deposits with banks and other financial institutions.

The Consolidated Entity manages ongoing credit risk by monitoring the performance of investments, the cyclical impact of the underlying asset class, and financial health of counterparties, banks and other financial institutions.

The carrying amount of the Consolidated Entity's financial assets represents its maximum credit exposure. The Consolidated Entity's credit risk exposure relates mainly to the following assets at the reporting date:

	2024 \$	2023 \$
Cash and cash equivalents	792,046	105,572
Loans and receivables	9,808,781	6,379,058
Trade and other receivables	86,225	138,311
	<u>10,687,052</u>	<u>6,622,941</u>

Trade receivables

The maximum exposure to credit risk is the carrying amount of assets, net of any provision for expected credit losses of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Consolidated Entity does not have any material credit risk exposure to any single trade debtor.

Cash and cash equivalents

Credit risk for cash deposits is managed by holding all cash with major reputable Australian banks.

Loans and receivables

Detailed discussions around credit risk of loans is addressed in Note 11. The Consolidated Entity's most significant counterparty exposure relates to non-current Loans and Receivables totalling \$11.6 million as at 30 June 2024 (30 June 2023: \$6.379 million), being the amortised cost, inclusive of interest of \$473,055, less accumulated impairment losses. These loan assets are not impaired for expected credit losses as the assets are backed by the underlying tangible assets in the entities in which the investments are held.

(c) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulty in meeting obligations associated with financial liabilities. The Consolidated Entity's \$14.3 million net asset position includes borrowings of \$1.65 million from Yowie Group Ltd under a reciprocal borrowing agreement (refer Note 15 for further details in relation to borrowings) and a \$4.75 million liability to Mr Bolton pursuant to a restraint of conduct deed with the Company, in relation to the Magellan Option trade realisation in December 2023, with the payment to be made at the end of the two (2) year period (being December 2025). The Consolidated Entity's non-cash investments can be realised to meet payables arising in the normal course of business.

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets and have access to appropriate borrowing facilities to be able to pay debts as and when they become due and payable.

Notes to the financial statements

Note 12. Financial risk management (continued)

The consolidated entity manages liquidity risk by maintaining adequate liquid assets and access to appropriate borrowing facilities by regularly monitoring actual and forecast cash flows and matching maturity profiles of financial assets and liabilities.

Consolidated - 2024	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	592	-	-	-	592
Other payables	-	156	-	-	-	156
<i>Interest-bearing - fixed rate</i>						
Amex business loan	13%	78	23	-	-	101
Yowie Group Limited	10%	1,650	-	-	-	1,650
Total non-derivatives		2,476	23	-	-	2,499
Derivatives						
	-	-	-	-	-	-
Total derivatives		-	-	-	-	-
		2,476	23	-	-	2,499
Consolidated - 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	903	-	-	-	903
Other payables	-	90	-	-	-	90
<i>Interest-bearing - fixed rate</i>						
RNC Nominees	24%	5,062	23	-	-	5,085
Total non-derivatives		6,055	23	-	-	6,078
Derivatives						
	-	-	-	-	-	-
Total derivatives		-	-	-	-	-
		6,055	23	-	-	6,078

As mentioned earlier, the Company has a Reciprocal Loan Agreement with Yowie Group Limited with a facility limit of \$5 million, with \$1.65 million having been drawn at 30 June 2024. Further, in May 2024, the consolidated entity received an offer of debt finance of \$3.5 million (at an LVR of 50%) from an external financier (secured by registered mortgages over strata title lots comprising Conference Facilities at a Hotel located in Manly, Sydney as security for loans, which are owed by private companies (which are in liquidation)), which the Company did not proceed with.

Further, as evidence of the consolidated entity's ability to access debt finance to manage its liquidity requirements:

- On 3 July 2024, the Company entered a short-term external debt facility and borrowed \$3 million which was repaid on 12 August 2024; and
- On 25 September 2024, the Company entered into a short-term external debt facility and borrowed \$0.5 million.

Notes to the financial statements

Note 12. Financial risk management (continued)

(d) Foreign currency risk

Foreign currency risk arises from assets and liabilities that are denominated in a currency that is not the Consolidated Entity's functional currency, being Australian dollars (AUD). The Consolidated Entity has a significant loan receivable denominated in New Zealand dollars (NZD) (Insurance) (refer Note 11) and minor investments denominated in other currencies. The Consolidated Entity also holds cash reserves denominated in foreign currencies from time to time. The Consolidated Entity does not hedge its assets denominated in foreign currencies and is therefore exposed to foreign exchange (FX) movements when the value of such assets are translated into Australian dollars. Any loss or gain arising on translation is recorded in the profit or loss statement. The Consolidated Entity's exposure to foreign currency risk at balance sheet date was as follows:

	USD \$	Euro \$	NZD \$
AUD equivalents			
2024			
Cash and cash equivalents	6,708	1	15
Financial assets at fair value through profit or loss	1,023	-	217,816
Loans and receivables	1,153,846	-	4,526,028
Total asset exposure	1,161,577	1	4,743,859
2023			
Cash and cash equivalents	49,325	1	(84)
Financial assets at fair value through profit or loss	-	-	218,697
Loans and receivables	-	-	4,283,602
Net exposure at carrying value	49,325	1	4,502,215

Sensitivity analysis

The Consolidated Entity has performed a sensitivity analysis on its exposure to foreign currency risk. It demonstrates the gain/loss on translation in AUD terms if there was a 10% change in relevant foreign currency exchange rates, as follows:

	USD \$	Euro \$	NZD \$
2024			
10% increase	(116,156)	-	(474,386)
10% decrease	116,156	-	474,386
2023			
10% increase	(4,933)	-	(450,222)
10% decrease	4,933	-	450,222

(e) Recoverability & credit risk

Judgements have been made in the determination of the carrying value, fair value, recoverability, credit risk and loss allowance pertaining to the Investment in financial assets at fair value through profit or loss (pending completion or refund). In making these judgements, the Consolidated Entity has given consideration to counterparty risk (including in relation to financial capacities), legal rights (including contractually, in equity and or under general law) and the existence of a guarantee provided to support the return of funds invested by the Consolidated Entity.

Notes to the financial statements

Note 13. Fair value measurement of financial instruments

Accounting policy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available-for-sale securities) is based on quoted market prices at Balance Sheet Date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques including but not limited to recent arm's length transactions, reference to similar instruments and option pricing models. The Consolidated Entity may use a variety of methods and makes assumptions that are based on market conditions existing at each Balance Sheet Date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for other financial instruments. The carrying values of financial instruments are equivalent to their fair values.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The Consolidated Entity's "financial assets at fair value through profit and loss" and "financial liabilities at fair value through profit and loss" is carried at fair value based on the quoted last bid prices at the reporting date (refer Note 10).

Valuation techniques

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques such as the use of quoted market prices or dealer quotes for similar instruments. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The difference between the carrying amount and the fair value of the Loans and Receivables is as a result of discounting the estimated future cash flows of the loan and receivable using prevailing market rates (ie. if the Consolidated Entity were to provide new loans and advances or acquire new borrowing facilities as at Balance Sheet Date instead of the original effective interest rate).

Due to their short-term nature, the carrying amounts of cash, current receivables and current payables are assumed to approximate their fair value.

Note 14. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	597,428	903,129
Accrued expenses	89,221	309,200
Provision for legal expenses	1,524,765	2,070,929
Other payables	155,833	89,806
Provision for success fee to related party (refer note 22)	200,000	-
Provision for bonus payable to related party (refer note 22)	200,000	-
Directors' fees accrued (refer note 22)	164,997	-
	2,932,244	3,373,064

Notes to the financial statements

Note 14. Trade and other payables (continued)

Accounting policy

Trade creditors and accrued expenses represent liabilities for goods and services provided (or to be provided) to the Consolidated Entity prior to the end of financial period which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. In addition, the Company has agreed to pay Mr Bolton \$4.3 million (NPV) to enter into a Restraint of Conduct Deed with the Company, in relation to the Magellan Option trade realisation in December 2023, with the payment to be made at the end of the two (2) year period and has recognised a liability for this obligation.

Risk exposure

The Consolidated Entity's exposure to risks arising from current payables is set out in Note 12.

Note 15. Borrowings

	Consolidated 2024 \$	2023 \$
<i>Current liabilities</i>		
Loan - RNC Nominees Facility Agreement	-	5,062,285
Loan - Amount advanced by related parties	403,329	844,229
Loan - AMEX business loan	77,535	-
Loan - Yowie Group Limited	1,650,000	-
	<u>2,130,864</u>	<u>5,906,514</u>
<i>Non-current liabilities</i>		
Loan - AMEX business loan	<u>22,511</u>	<u>-</u>
<i>Total secured liabilities</i>		
The total secured liabilities are as follows:		
	Consolidated 2024 \$	2023 \$
Opening balance	5,062,285	2,373,392
Drawdowns	-	2,300,000
Establishment fees	-	23,500
Interest accrued	252,485	365,393
Loan facility repayment	(5,314,770)	-
	<u>-</u>	<u>5,062,285</u>

The RNC Nominees Facility Agreement was secured by a first ranking general security agreement over all present and after acquired property of Keybridge Capital Limited.

The interest margin was 12.5% per annum over the 30 Day BBSY fixed at 1.2% per month. In December 2023, with proceeds received from the MGFO option trade realisation, Keybridge repaid \$5,314,770 against the RNC Loan facility, repaying the loan plus accrued interest in full.

During the year, Keybridge borrowed \$1.65 million from Yowie Group Ltd under a Reciprocal Loan Agreement, whereby each party can borrow/lend up to \$5 million at call on an unsecured basis at an interest rate of 10% pa.

Notes to the financial statements

Note 15. Borrowings (continued)

The related party loans is comprised of:

- (a) \$203,329 loan outstanding due to Nicholas Bolton being non-interest bearing, unsecured and available at call - this loan was repaid to Mr Bolton in July 2024.
- (b) \$200,000 loan outstanding due to Antony Catalano, being interest-bearing at 10% per annum, unsecured and available at call – this loan was repaid to Mr Catalano in July 2024.

Note 16. Provision for restraint of conduct expenses

	Consolidated 2024 \$	30 Jun 2023 \$
<i>Non-current liabilities</i>		
Provision for restraint of conduct expenses	4,467,132	-

As at 31 December, the Company provided \$4,385,658 for an amount payable to Mr Bolton in-relation to his services performed in-connection with the Magellan Option trade realisation in December 2023. Subsequent to this date, the arrangement has been formalized in a formal restraint agreement and the amount will mature and be payable to Mr. Bolton in December 2025. Consequently, the amount has been reclassified to non-current liability and the liability has discounted by \$81,474 reflected its net present value given the revision to its maturity date.

Note 17. Issued capital

	2024 Shares	2023 Shares	Consolidated 2024 \$	2023 \$
Fully paid ordinary shares	212,837,836	212,837,836	257,044,033	257,044,033

The shares on issue include \$5.5 million unlisted fully paid ordinary shares (which have vested) issued under the Executive Share Plan.

Accounting policy

Ordinary shares are classified as equity. Fully paid ordinary shares carry one vote per share and the right to dividends.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Note 18. Franking credits

	Consolidated 2024 \$	2023 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	7,962,709	7,956,516

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- Franking credits that will arise from the receipt of dividends recognised as receivables at balance date;
- Franking credits that will arise from the payment of the amount of the provision for income tax; and
- Franking debits that will arise from the payment of dividends and CRPN interest recognised as a liability at Balance Sheet Date.

Notes to the financial statements

Note 18. Franking credits (continued)

The franking credits attributable to the Consolidated Entity include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid out as franked dividends.

Accounting policy

Provision is made for the amount of any dividend declared (being appropriately authorised and no longer at the discretion of the entity) on or before the end of the financial year but not distributed at the Balance Sheet Date.

Note 19. Capital risk management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, share buy-backs, capital returns/reductions and the payment of dividends.

The Consolidated Entity has external borrowings with Yowie Group Limited for \$1.65 million (refer Note 15). The Consolidated Entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

Note 20. Parent entity information

The following information provided relates to the Company, Keybridge Capital Limited, as at 30 June 2024

Statement of profit or loss and other comprehensive income

	Parent 2024 \$	Parent 2023 \$
Profit after income tax	15,690,372	(7,242,518)

Statement of financial position

Current assets	15,731,045	7,272,286
Non-current assets	13,375,963	6,329,118
Current liabilities	(17,898,706)	(8,610,896)
Net assets	11,208,302	4,990,508
Issued capital	257,044,033	257,044,033
Reserves	16,913,023	4,299,856
Accumulated losses	(262,748,754)	(256,353,381)
Equity	11,208,302	4,990,508

Notes to the financial statements

Note 20. Parent entity information (continued)

Parent Entity Disclosures

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024.

Contingent Liabilities

The parent entity had no contingent liabilities as at 30 June 2024.

Capital Commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in certain subsidiaries are accounted for at cost less any impairment in the parent entity.

Note 21. Investment in controlled entities

Investment in controlled entities	Incorporated	Ownership interest 2024	Ownership interest 2023
Bridge Financial Pty Limited	Australia	100%	100%
Bridge Property Investments Pty Limited	Australia	100%	100%
KBC Telco Infrastructure Pty Limited	Australia	100%	100%
MB Finance Pty Limited	Australia	100%	100%
Bridge Infrastructure Capital Pty Limited	Australia	100%	100%
Bridge Infrastructure Capital (Midlum) Pty Limited	Australia	100%	100%
Pacific Bridge Cyprus Limited	Cyprus	100%	100%
BIC Europe Limited	Malta	100%	100%
Australian Media Holdings Unit Trust	Australia	100%	100%
Electron-1 Pty Ltd	Australia	100%	100%

Accounting policy

Subsidiaries are entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is assumed by the Consolidated Entity and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Australian controlled entities have a June financial year-end. Foreign controlled entities have a December financial year-end. All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

Note 22. Related party transactions

(a) Transactions with Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2024. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

Notes to the financial statements

Note 22. Related party transactions (continued)

	2024 \$	2023 \$
Non-executive Directors		
Short-term employee benefits	95,079	92,350
Post-employment benefits	4,959	9,697
Other benefits	85,000	-
	<u>185,038</u>	<u>102,047</u>
Other KMP - Executive Director		
Short-term employee benefits	402,693	416,786
Post-employment benefits	13,887	27,500
Other long-term employee benefits	4,213	5,500
Other benefits	4,667,132	-
	<u>5,087,925</u>	<u>449,786</u>
	<u>5,272,963</u>	<u>551,833</u>

During the financial year, Wilson Hanna Consulting Group (an entity controlled by/associated with/related to the Company Secretary, John Patton) received \$60,000 (excluding GST) in respect of services provided in relation to company secretarial services provided and assistance with the preparation of the financial statements, including liaison with the auditors for the half year ended 31 December 2023 and the year ended 30 June 2024.

(b) Transactions with Directors

- (i) As advised in prior periods, the Company advanced \$25,000 to the Managing Director's external legal advisor in connection with evidence provided by him in relation to the Molopo Energy Limited Judicial Review. In addition, in prior periods the Company advanced \$440,000 as loan funds in respect of Mr Bolton's legal costs incurred in circumstances where Mr Bolton's Director's Deed with the Company provides a procedure for the advancement of monies in this regard. A further \$628,804 (comprising \$159,724 and \$469,181) has been advanced under this facility to meet related legal expenses. Mr Bolton previously served as a Director between 30 December 2011 and 9 October 2012, between 2 January 2013 and 17 December 2015 (as Executive Director from 22 February 2013 and as Managing Director from March 2014) and from 13 October 2019. As at 30 June 2024, \$1,068,804 (2023: \$440,000) has been advanced via payments made to Mr Bolton's lawyers.

The Board agreed to advance these funds in accordance with the relevant provision of Mr Bolton's Director's Deed and subject also to various terms and conditions agreed with Mr Bolton, that advances would be provided only as payment of bills rendered by Mr Bolton's lawyers in relation to the relevant proceedings, that the Company needed to be satisfied that the amount of each legal bill was reasonable, that the Company would have access to Mr Bolton's lawyers to ensure that it was promptly informed of any material developments in relation to the proceedings and otherwise to enable the Company to assess the likely outcome of those proceedings, that Mr Bolton would be obliged to repay any amounts advanced in various circumstances specified in his Director's Deed including in any situation in which Mr Bolton is not entitled to be indemnified or advanced those costs, and a provision for review of the position once the outcome of the relevant proceeding is known, including the repayment of all or a portion of the advance (as appropriate).

The \$1,068,804 advance is accounted as a loan receivable asset, however, as previously advised, a provision (ie. Impairment expense) has previously been recognised in respect of \$440,000 (based on the Directors' judgement). This provision/impairment does not prejudice the Company's rights (including recovery) under the terms of the advance to Mr Bolton. If the Company receives a repayment (or recovery payment) in respect of this advance, the provision (impairment expense) will be reversed to the extent of such receipt.

In relation to Cash Salary and Fees, Mr Bolton was paid \$165,003 (and not \$330,000) during the year, with the balance of \$164,997 being accrued at year end.

During the year, the Company purchased an EV motor vehicle (at a cost of \$67,513 exc GST before a government rebate of \$3,000) which was used by Mr Bolton, with the annual depreciation costs of the vehicle

Notes to the financial statements

Note 22. Related party transactions (continued)

to be salary sacrificed against Mr Bolton's remuneration.

- (ii) During the financial year, Mr Bolton entered a standstill agreement for two years as a necessary pre-condition to facilitate the company's profitable exit of its MGFO transaction. Once the terms of the standstill are satisfied, Mr Bolton will become entitled to a fee of \$4.75 million, pursuant to a separate Restraint of Conduct Deed between the Company and Mr Bolton. During the current year, the Company has provisioned for the net present value of this amount (being \$4.5 million) in the event it becomes payable in December 2025. Mr Bolton has also been granted a \$200,000 discretionary performance bonus as a result of the extraordinary profits generated for Keybridge on the MGFO transaction; Mr Bolton has undertaken to direct this bonus to a charity of his choosing.
- (iii) During the financial year, Mr Catalano provided a loan of \$800,000 to the Consolidated Entity to assist in financing trading in Magellan Global Options (ASX: MGFO). The loan facility was at-call, with interest accruing at 1.52% per month. On 21 August 2023, the Consolidated Entity repaid \$125,000 to Mr Catalano with the balance repaid on 25 October 2023.

Further loans of \$80,000 were received from Mr Antony Catalano and \$80,000 from Aurora Fortitude Absolute Return Fund for \$80,000 to assist in financing MGFO trade. Mr Catalano's loan entitled the lender to a success only share of the performance of MGFO, being \$200,000. Whilst both facilities were repaid on 11 December 2023, the success related balance of \$200,000 remained outstanding at year end.

(c) Transactions with Director related entities

- (i) On 30 November 2020, Mr Nicholas Bolton was appointed as a non-executive director of Yowie Group Limited (Yowie), with Mr John Patton being appointed as a non-executive director of Yowie on 5 February 2021. Keybridge received \$49,894 from Yowie in relation to director services provided to Yowie by Mr. Nicholas Bolton. On 29 December 2023, Keybridge announced an off-market takeover bid for all the ordinary shares in Yowie Group Limited (ASX: YOW), for a cash consideration of 3.4 cents per Yowie Share. At the time of announcing the takeover bid, Keybridge had a relevant interest of 35.66% in Yowie. The takeover bid closed at 7.00pm on 26 April 2024, with acceptances received under the takeover bid resulting in Keybridge's relevant interest increasing to 78.359%. At year end, Keybridge has accounted for its investment in Yowie at a carrying value of \$6,694,183 based on its proportionate share of Yowie's net asset position. During the current year, the Company acquired 101,893,073 shares on-market in Yowie at a total cost of \$3,463,653 (2023: 10,972,403 shares at a total cost of \$495,082).
- (ii) During the current year, Yowie Group Ltd provided a loan to the liquidator of PR Finance Group Limited ("PRFG") of AUD 1.5 million with interest rate of 12% p.a. to be utilised as cash security for its recovery actions. Keybridge has agreed to indemnify Yowie against any loss for the provision of this loan to PRFG. The initial term of the loan is for a period of up to 4 months, subject to further agreement between the parties.

Further, the Company also entered into a reciprocal loan agreement with Yowie where Yowie may borrow a maximum principal up to AUD 5,000,000 from the Company, with an interest rate of 10% p.a., for working capital purposes, or to earn a greater return on cash assets from time to time, where funds are deposited with the Company at the 10% pa rate. The loan is unsecured and payable at call with no set maturity date. At the end of June 2024, Yowie had USD 1.1m on deposit with the Company earning 10% p.a.

- (iii) During the 2023 financial year, the Company entered into a debt agreement with Metgasco Ltd to provide up to \$3,000,000 in debt funding, at an interest rate of 10% per annum expensed and payable quarterly in arrears, with the funds to be applied towards the Vali and Odin Gas Field projects, working capital and for general Metgasco corporate purposes. As at 30 June 2023, the Company had advanced \$1,260,000 to Metgasco, with a further \$180,000 advanced in August 2023.. In November 2023, Keybridge issued a termination notice, following an earlier default notice which was issued in October 2023. In April 2024, the \$1.44 million advanced by the Company under the Loan Note Agreement with Metgasco Ltd plus accrued interest was fully repaid. The interest received this financial year was \$108,707. Mr. John Patton was a director of Metgasco Ltd during the year, until his resignation on 22 November 2023.

Notes to the financial statements

Note 22. Related party transactions (continued)

Disclosures relating to key management personnel are set out in and the remuneration report included in the directors' report.

A son of Director, Antony Catalano, was employed and received remuneration of \$48,359 and consultancy fees of \$107,850 during the year (2023: \$44,876).

Included in the Cash Flow Statement as cash flows from financing activities are proceeds and repayments of borrowings with related parties. These related party transactions were unsecured, non-interest bearing loans, payable at call with no equity entitlement terms and at year end \$403,329 was owing in total on these loans.

The Directors have reviewed all the aforementioned related party transactions and balances and believe that they reflect terms no more favourable than those on an arms-length basis.

Note 23. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by the Auditor of the parent entity, the Auditor's related practices and other non-related audit firms (as applicable):

	2024 \$	2023 \$
William Buck Audit (Vic) Pty Ltd		
Audit and review of financial statements	103,503	102,921
Other payments - disbursements	-	-
	<u>103,503</u>	<u>102,921</u>

Note 24. Loan commitments

The Group holds a portfolio of assets which from time to time may be subject to capital calls. As at 30 June 2024 there were no call commitments of the Group (2023: nil).

Note 25. Contingencies

- (i) **PR Finance Group Claims:** As previously advised, the Company commenced proceedings in the Supreme Court of Victoria against PR Finance Group Limited (in Liquidation) (PRFG) and caused a simultaneous action to be taken against the former PRFG directors by the company's liquidator, for total damages exceeding \$5,000,000.

Keybridge alleges in its claim, amongst other things, that at the time of the scheme, the directors were aware that PRFG was non-compliant with the National Consumer Credit Laws (NCCL) and accordingly breached its representations and warranties to Keybridge, with damages being suffered by Keybridge as a result.

On 28 August 2024, the liquidator (which the Company had been funding) received an unfavourable verdict in relation to its claim against the former directors of PR Finance Group Limited (in Liquidation), with the Court ordering that the Liquidator pay the parties' costs. As part of this hearing, funds of \$1.8 million were lodged with the Court as security for potential costs. Consequently, it is likely that costs may be applied against this balance, however at this stage there is no reliable way to measure the amount of these costs. Keybridge is considering its position in relation to this matter.

- (ii) **William Johnson Legal Claim:** As previously advised, the Company received a claim by Mr William Johnson for indemnity for the action he unsuccessfully brought against the Company in the Federal Court of WA. The claim amounts to \$416,164.15 (inclusive of GST), to cover the legal costs incurred by Mr Johnson and Bentley Capital Limited.
- (iii) **Aurora Corporate Claims:** As previously advised, the Company received a claim from Aurora Corporate Pty Ltd in relation to the sale of Aurora Funds Management Limited in 2016. Aurora Corporate alleges in its claim

Notes to the financial statements

Note 25. Contingencies (continued)

that Keybridge breached its representations and warranties as a result of funds that had been misappropriated by its former Chief Financial Officer, Ms Betty Poon, prior to the sale of the business. The alleged claim for damages amounts to \$1,522,446.81. It is proposed that the Company will resolve this matter with Aurora Corporate, and the directors believe it is probable that this will not result in a material cash outflow for the Company.

- (iv) **Trustee Dispute:** As previously announced, Keybridge currently holds an investment at nil that could, alternatively, be carried at an equity accounted value of approximately \$7.35 million, which equates to approximately 3.5 cents per Keybridge share. There is presently a dispute with the trustee in relation to this investment which Keybridge is working through with the trustee and further details will be provided in due course.

In some of the matters above the potential financial impact has not been disclosed given the uncertainty, in the event of a resolution of the matter of what its financial impact would be.

Notes to the financial statements

Note 26. Events occurring after the reporting period

In July 2024, the Company advanced an unsecured loan of \$4.95 million to an audited asset rich entity owned by Mr Bolton, pursuant to a loan agreement, equal to the unpaid restraint of conduct fee (\$4.75 million) and bonus (\$0.2 million). The loan is on commercial terms with an interest rate of 10% p.a., capitalising yearly and the maturity date is tied to, and is to be set off against, the restraint of conduct liability (in December 2025). In circumstances where the Company requires the loan to be repaid, including due to a breach of the standstill agreement, the audited asset rich entity has sufficient assets to repay the loan and the obligation to do so is joint and several with Mr Bolton.

In July 2024, the Company paid \$0.2 million to Mr Catalano thereby extinguishing the \$0.2 million success fee liability (in note 15) to nil.

On 3 July 2024, the Company entered a short-term debt facility and borrowed \$3 million which was repaid on 12 August 2024.

On 20 August 2024, the ASX lifted its suspension over the Company's securities, pursuant to an ASX announcement on 19 August 2024. The annual ASX Listing fees had been due for payment by 31 July 2024, however the Company elected not to make payment at that time as it was not clear whether the ASX suspension would ever be lifted. Consequently, whilst the Board was assessing the merits of being a listed company, in circumstances where it has been suspended for nearly two (2) years in the last five (5) years, the Company's securities were automatically suspended on 22 August 2024. Ultimately, the Keybridge Board considered it was in the best interests of all parties to be listed, so paid the annual listing fees ahead of the deadline of 28 August 2024, thereby averting the Company's permanent removal from the Official List.

On 28 August 2024, the liquidator (which Keybridge had been funding) received an unfavourable verdict in relation to its claim against the former directors of PR Finance Group Limited (in Liquidation), with the Court ordering that the Liquidator pay the parties' costs. As part of this hearing, funds of \$1.8 million were lodged with the Court as security for potential costs. Consequently, it is likely that these funds will be called upon and, accordingly, Keybridge expects to recognise a loss. Whilst Keybridge expensed the legal costs as incurred, it has not recognised a provision for the parties' costs at balance date. Keybridge is considering its position in relation to this matter.

On 25 September 2024, the Company entered into a short-term debt facility and borrowed \$0.5 million.

On 25 September 2024, the Company paid \$0.2 million to Bell Potter in full and final payment pursuant to a Settlement Deed executed earlier in the year.

In October 2024, the Company paid within five (5) business days of receiving the cost assessor determinations, the full amount of the cost assessments, including interest, to WAM however WAM has not withdrawn its action. Consequently, Keybridge continues to defend the WAM wind-up application and has incurred legal costs more than the total amount claimed by WAM and considers it likely that WAM has as well.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Consolidated entity disclosure statement

As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest	Tax residency
			%	
Keybridge Capital Limited	Body corporate	Australia	-	Australian
Bridge Financial Pty Limited	Body corporate	Australia	100.00%	Australian
Bridge Property investment Pty Limited	Body corporate	Australia	100.00%	Australian
KBC Telco Infrastructure Pty Limited	Body corporate	Australia	100.00%	Australian
MB Finance Pty Limited	Body corporate	Australia	100.00%	Australian
Bridge infrastructure Capital Pty Limited	Body corporate	Australia	100.00%	Australian
Bridge infrastructure Capital (Midlum) Pty Limited	Body corporate	Australia	100.00%	Australian
Pacific Bridge Cyprus Limited	Body corporate	Cyprus	100.00%	Cyprus, Australian
BIC Europe Limited	Body corporate	Malta	100.00%	Malta, Australian
Australian Media Holdings Unit Trust	Trust	Australia	100.00%	Australian
Electron-1 Pty Limited	Body corporate	Australia	100.00%	Australian

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts


None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group

Directors' declaration

The Directors of the Company declare that:

- (1) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 22 to 55 are in accordance with the Corporations Act 2001 (Cth) and:
 - comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and
 - give a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- (2) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) by the Company's Chief Executive Officer and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and
- (4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.
- (5) The information disclosed in the attached consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001* (Cth).



John Patton
Chairman

29 October 2024

Independent auditor's report to the members of Keybridge Capital Limited

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying financial report of Keybridge Capital Limited (the Company) and its controlled entities (together, the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Level 2 and Level 3 Valuations of Financial Assets Through Profit or Loss	Area of focus (refer also to note 10)	How our audit addressed the key audit matter
	<p>The Group has material investments in equities that have Level 2 and Level 3 valuation hierarchies.</p> <p>This is a key audit matter due to complexities around the accounting treatment for the initial classification and subsequent valuations of the investments. There are significant judgements involved in the valuation of level 2 and level 3 investments in accordance with AASB 9 <i>Financial Instruments</i> and there is a risk that they have not been valued appropriately.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">— Assessing the categorisation of portfolio financial assets as Level 1, Level 2 or Level 3 in the fair value hierarchy;— Agreeing the number securities held to external holding statements and third party documentation;— Agreeing the value of unlisted securities to the most recent available market price as at 30 June 2024, and where such market price is unavailable, assessing the best next and appropriate fair valuation;— Examining the underlying investment, including its exposure to equity market prices and restrictions on the liquidity profile of the investment; and— Recalculating the exposures of the investments for its susceptibility to those aforesaid financial statement risks and comparing those exposures to those disclosed in the notes to the financial statements. <p>We also assessed the adequacy of the Group’s disclosures in the financial report in accordance with AASB 13.</p>

Non-current Loans and Receivables

Area of focus (refer also to note 11)

The Group has non-current loans and receivables of \$23,220,997 (gross) and \$9,808,781 (after impairment) as at 30 June 2024.

As disclosed in the notes to the financial statements, the unimpaired amount includes a loan balance of \$4,526,028 provided to Foundation Life which derives interest income of 9% per annum and \$3.5 million for registered mortgages that it holds over strata title lots as securities for loans in private companies which are in liquidation. During the year the Group recovered \$1,153,846 as settlement for a loan previously fully impaired.

There is a risk that these long-term loans do not have an adequate provision for expected credit losses and are carried in excess of their recoverable value. As there is significant estimation and judgement involved in determining the recoverability of the long-term loans, this has been deemed to be a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included:

- Evaluating recoverability of the loan with Foundation Life based on the net asset position of the investment;
- Evaluating the valuation of the strata title lots which are held as security for the loans in private companies which are in liquidation;
- Holding discussions with representatives from Foundation Life and the liquidators;
- Assessing the recoverability of balances recoverable as part of legal settlement through assessment of underlying agreement; and
- Assessing the appropriateness of the disclosure in Note 12 to the Financial Statements in line with AASB 7, AASB 9, AASB 101 and AASB 108 requirements.

We also assessed the adequacy of the Group's disclosures in the financial report.

Accounting for Legal Matters Impacting the Company

Area of focus (refer also to note 25)

The Group has multiple contingent assets and liabilities which are currently at various stages of legal action which have been disclosed in the notes to the financial statements and in the Directors' Report.

Assessment of contingent assets and liabilities involves significant judgement and assessment by management. The directors have provided for the estimated legal costs of those matters where recovery of said legal matters is uncertain.

How our audit addressed the key audit matter

Our audit procedures included:

- Discussions with the Group's in-house counsel on the progress of outstanding legal actions that the Group is involved in;
- Reviewing court documents and other external evidence to support management's assessment of legal claims; and

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There is a risk that all contingencies are not disclosed under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, and that the values disclosed may be materially different when or if settled. There is significant judgement and in assessing the various stages of legal action and its disclosure, this has been deemed to be a key audit matter.

- Reviewing Solicitor Representation Letters which have been sent to each Solicitor which the Group has used during the year.

We also assessed the adequacy of the Group's disclosures in the financial report.

Employee Loans **Area of focus (refer also to the Statement of Changes in Equity)**

As disclosed in the Remuneration Report, the Group issued a limited recourse employee share loan tranche to a Director totaling 6m shares in 2014. This loan vested and was repayable by 2018 and since this date has not accrued interest and has been receivable at call by the other Directors of the Company.

A total of \$321,600 is recorded in the share-based payment reserve in respect of this employee share loan agreement, which represents the value of the embedded option to repay the loan at its historical strike price of 18.65 cents.

Although under escrow restricting their trade and ability to cash receipt proceeds from dividends or returns of capital (as these must be applied against the loan balance), the loan shares have full voting rights.

The Directors of the Board that are not beneficiaries to the plan considered the loan plans and the following was observed and resolved:

- That the loan shares, originally issued with shareholder approval, are exempt from related party benefit provisions of the Corporations Act and that the non-call of the loans and decision to not charge interest on those loans falls within the auspices of the original shareholder approval authorising the loans; and

How our audit addressed the key audit matter

Our audit procedures included:

- Examining historical loan plan documentation and reaffirming the existing treatment of the employee share loan as a share-based payment arrangement under AASB 2;
- Obtaining representations from the in-house legal counsel representing the Directors that the continuing non-call of the loans and non-charging of interest is appropriate under the Corporations Act 2001 as it pertains to the original shareholder approval for the arrangement; and
- Obtaining representations from the directors of their undertaking to call the employee share loan.

We also assessed the adequacy of disclosures relating to this matter in the financial report.

- Notwithstanding the above, the Directors resolved to wind-up the loan share arrangement by making undertakings to call the loan, and if necessary, take back the 6m shares in collateral for the limited recourse arrangement.

In the prior year, 500,000 shares were called for under the limited recourse arrangement and sold on market, raising \$34,500 for the Group. The directors have announced their intention to enforce a charge on the loan for remaining tranche of shares and intend to sell those shares on-market.

Consistent with prior accounting periods, the limited recourse loans and the issued share capital are not recorded as assets or equity in the statement of financial position (including any implicit interest charged under the loan) – rather the arrangement is treated as a share-based payment under AASB 2 due to the share purchase option embedded in the loan plan.

Due to the complexities of the above matter, including the impacts upon related party disclosures in the financial statements, the matter is considered to be a Key Audit Matter.

Disclosure of Related Party Transactions

Area of focus

(refer also to note 22)

The directors have common interests with investees of Company and other significant transacting entities. They also have personally entered into loan arrangements with the Company. This includes the trade in Magellan options which took place in the period, from which a director in Company entered into a Standstill Agreement which significantly impacted his remuneration entitlements for the year.

How our audit addressed the key audit matter

Our audit procedures included:

- Examining in detail the General Ledger for transactions with parties identified as related parties of directors and key management personnel;
- Where related party relationships are identified, examining source documentation to completely understand the nature of the related party relationship;

Such related party relationships have significant disclosure obligations in these general purpose financial statements and therefore this is a Key Audit Matter for this audit report.

- Ensuring that relationship is adequately disclosed in the financial statements, either as remuneration of key management personnel, or as a separate related party transaction.
- Where representations are made that the related party transaction is at arms-length terms, testing the appropriateness of that representation in the context of the transaction.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report



Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Keybridge Capital Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

N. S. Benbow

Director

Melbourne, 29 October 2024

Shareholder information as at 29 August 2024

SECURITIES ON ISSUE

Class of Security	Quoted on ASX	Unlisted
Fully paid ordinary shares (ASX:KBC)	212,837,836	-
Executive Share Plan shares		5,500,000

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Registered Shareholder	Number of Shares held	%Voting Power ⁽⁵⁾
Australian Style Group Pty Ltd	Australian Style Group Pty Ltd	33,690,093	19.05%
	BNP Paribas Nominees Pty Ltd	1,000,001	
	Australian Style Holdings Pty Ltd <The NB Assets Discretionary>	5,856,274	
Wilson Asset Management Group (WAM Capital Limited (ASX:WAM) WAM Active Limited (ASX:WAA) Wilson Asset Management Equity Fund)		94,612,457*	45.45%
Catalano Super Investments Pty. Ltd. ATF Catalano Superannuation Fund and Associates		22,324,631	10.72%

* This reflects the disclosures made by WAM in its Substantial Shareholding notifications, however it includes shares that accepted into the WAM Active takeover bid but were withdrawn pursuant to Takeover Panel Orders.

Shareholder information as at 29 August 2024

DISTRIBUTION OF LISTED ORDINARY SHARES

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	56	13,781	0.01%
above 1,000 up to and including 5,000	112	403,333	0.19%
above 5,000 up to and including 10,000	83	652,180	0.31%
above 10,000 up to and including 100,000	140	4,686,310	2.20%
above 100,000	54	207,082,232	97.30%
Totals	445	212,837,836	100.00%

UNMARKETABLE PARCELS

Spread of Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1 - 10,801	257	1,131,540	0.53%
10,801 - and over	188	211,706,296	99.47%
TOTAL	445	212,837,836	100.00%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 10,531 shares or less, being a value of \$500 or less in total, based upon an adopted last transaction price of \$0.0470 per share, being the most off-market offer for the Company.

TOP TWENTY LISTED ORDINARY FULLY PAID SHAREHOLDERS

Position	Holder Name	Holding	% IC
1	WAM CAPITAL LIMITED	68,161,291	32.03%
2	AUSTRALIAN STYLE GROUP PTY LTD	35,653,273	16.75%
3	ANTSTEF PTY LTD	22,324,631	10.49%
4	BNP PARIBAS NOMINEES PTY LTD	15,645,291	7.35%
5	WAM ACTIVE LIMITED*	12,890,833	6.06%
6	WAM ACTIVE LIMITED	11,376,437	5.35%
7	MR NICHOLAS BOLTON	10,193,898	4.79%
8	HSBC CUSTODY NOMINEES	5,888,227	2.77%
9	AUSTRALIAN STYLE HOLDINGS PTY LTD <THE NB ASSETS DISCRETIONARY>	5,856,274	2.75%
10	AURORA FUNDS MANAGEMENT	5,126,317	2.41%
11	MCPI-BUSHWICK LLC	1,625,908	0.76%
12	CITICORP NOMINEES PTY LIMITED	1,487,787	0.70%
13	THE JEFFREY SCHWARZ CHILDREN'S TRUST	1,099,092	0.52%
14	APPWAM PTY LTD	1,000,000	0.47%
15	MR JOHN JOSEPH RYAN	888,748	0.42%
16	A & G SICILIANO SUPERANNUATION PTY LTD <A & G SICILANO S/F A/C>	797,955	0.37%
17	RYAN CONSTRUCTIONS PTY LIMITED <JOHN RYAN S/F A/C>	700,001	0.33%
18	PETER DAVIES PTY LTD <RICHARD DAVIES WILL A/C>	550,000	0.26%
19	MR VITTORIO SICILIANO & MRS GINA SICILIANO <VFS SUPERFUND A/C>	500,000	0.23%
20	MR ROGER HEARN DEN	400,000	0.19%
20	DARMAN PTY LTD	400,000	0.19%
Total		202,565,963	95.17%
Total issued capital - selected security class(es)		212,837,836	100.00%

*This includes shares that accepted into the WAM Active takeover bid but were withdrawn pursuant to Takeover Panel Orders.

Corporate directory

BOARD OF DIRECTORS

Nicholas Bolton	Managing Director and Chief Executive Officer
John Patton	Non-Executive Chairman
Antony Catalano	Non-Executive Director
Richard Dukes	Non-Executive Director

COMPANY SECRETARY

John Patton

REGISTERED AND PRINCIPAL OFFICE

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Website: www.williambuck.com

STOCK EXCHANGE

Australian Securities Exchange
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ASX CODE

KBC

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